



PRIME MINISTER

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INAUGURAL RUBY HUTCHISON MEMORIAL ADDRESS
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Ladies and Gentlemen

Let me first say a few words about the remarkable contribution to Australian society made by Ruby Hutchison: feminist, Labor Party activist, and pioneer of the Australian consumer movement.

Ruby Hutchison was the first woman elected to the Legislative Council of the Western Australian Parliament. She was appointed, at the age of 65, to the W.A. Trades and Industries Protection Council. I might add that it was my uncle, Bert Hawke, the then Premier of Western Australia, who made this appointment, which did so much to make Ruby Hutchison the forceful advocate she was for consumer rights.

Like all activists, Ruby Hutchison recognised the fundamental fact that it is difficult for individuals acting alone to be effective. Consumers, she realised, needed information about their prospective purchases - but this information did not come easily or cheaply to individuals in a busy world full of complex choices.

Ruby Hutchison foresaw that if consumers banded together they could gain the necessary information and thus operate more effectively. It was this insight which provided the impetus for her establishment of the Australian Consumers' Association in 1959.

I am pleased to see that Ruby Hutchison's daughter, Ivy-May Sheahan, who also played a major role in ACA's early days, is in the audience today.

Today, ACA and its 'Choice' magazine remain Australia's main source of factual, reliable and readable product information for consumers.

Ruby Hutchison, founder of the Australian consumer movement, died in December 1974 at the age of 82. Her legacy is the strong and active consumer movement which is represented here today on World Consumer Rights Day - an international concept which I know she would have embraced with enthusiasm.

Thanks in part to the work of Ruby Hutchison and other consumer activists, governments have increasingly seen their responsibilities to their citizens as encompassing a degree of responsibility to them as consumers in the marketplace.

This has been true of Australian governments - particularly of State and Federal Labor Governments. In particular, my Government has amended the Trade Practices Act to make it probably the single most comprehensive piece of legislation designed to ensure fairness and efficiency in the marketplace.

It now includes provisions for the recall of unsafe products, for representative actions to be taken on behalf of consumers, and for giving consumers the right to take action over unconscionable conduct in transactions. Our amendments have prompted the introduction of uniform fair trading legislation at the State level.

We have also appointed consumer representatives to the Trade Practices Commission, the National Standards Commission and the Economic Planning and Advisory Council, and extended consumer representation on the National Health and Medical Research Council.

However, I stress that this Government is not attracted to unnecessary regulation.

We have set up a Business Regulation Review Unit to assess the costs and benefits of regulations including, where appropriate, those borne by consumers.

Federal and State Governments last year agreed to uniform food legislation, which it is estimated will save the food processing industry, and ultimately the consumer, at least \$50 million a year.

In financial markets, our policies of deregulation have helped consumers by opening the economy to foreign banks and reducing the restrictions on the financial system.

In short, our general preference for deregulation is based on our belief that if competitive market forces can be successfully unleashed, they will operate to restrain price increases.

This shift in government response - from regulation to deregulation in defence of consumer interests - is a significant change in the environment in which the consumer movement now operates.

This change has special relevance in the very different economic situation Australia faces today.

The Australian community must understand that the nation is playing in a new and very different ball park. The assumptions and attitudes which shaped our approach to national issues in the past have to be re-examined.

The plight we are in is clear. A dramatic turnabout in our terms of trade has slashed our national income by some \$6 billion - the equivalent of \$1500 for every Australian family - presenting us with pressing and immediate demands for restraint throughout the Australian community.

Wage earners have led the community in accepting the hard discipline of unprecedented restraint over the past four years. Real wages have fallen despite the solid economic recovery which has occurred.

The reward for the nation has been the creation of three quarters of a million jobs - the fastest employment growth in Australia's history - and most significantly continued strong employment growth despite the slow growth in economic activity in the past year. Industrial disputation has been more than halved, and the economy has become more internationally competitive than it has been for at least two decades.

Neither wage earners nor the economy as a whole can afford to fritter away those gains - and those still to be made - through excessive wage claims now.

The recent decision in the National Wage Case has provided workers with prospective wage increases consistent with creating both a workable industrial system and rates of pay increases which the economy can afford.

Moreover the new two tier arrangements provide scope not only for some flexibility in wage setting, but also offer a unique opportunity for firms and workers to set about re-organising work patterns to achieve more satisfying jobs and higher productivity. And it is only through higher productivity that Australia can sustain higher living standards.

These new arrangements deserve the support of everyone if they are to operate without excessive disputation. Moreover, Australia's future prosperity demands the strongest possible commitment to "no extra claims".

Given this restraint by wage earners, executive salaries must also be restrained. There is evidence, however, that salaries in certain sectors have been moving ahead rapidly. Business must not puncture the spirit of community restraint. It must take its responsibilities to the community more seriously.

The Federal Labor Government fully accepts its responsibilities in exercising restraint. We have already said that on 14 May a range of new spending cuts will be announced, as an instalment on this year's Budget.

This will continue the most demanding Commonwealth budgetary discipline in the post-war period, a discipline which has enabled us to reduce the budget deficit as a proportion of GDP from the 5 per cent we inherited to around $1\frac{1}{2}$ per cent

this financial year. We will continue within the limits of fiscal responsibility to do everything within our power to restrict the growth of Commonwealth taxes and charges, and those of our authorities.

To be more concrete, the Commonwealth pledges that it will generally restrict the increase in our excises which would otherwise have occurred at the next two half-yearly indexation adjustments to a total of around 6 per cent.

It must be appreciated that in regard to the ultimate price of refined petroleum and related products, excise is by no means the sole determinant of price fluctuation. Overseas prices, for example, are a major factor. Our application of the above general commitment in this area therefore will need to take such factors into account in the context of our general budgetary responsibilities.

I note that in any event Australia Post and Telecom are already monitored by the Prices Surveillance Authority.

At the Premiers' Conference on 25 May we will be asking the States to play their part to restrain both outlays and charges.

On an occasion such as this, it is particularly relevant to discuss in some detail the restraint which must be exercised in the setting of prices.

Consistent with our overall approach, it will be obvious that we are not attracted to the concept of direct control of prices. The fair operation of market forces, we believe, will usually produce the best outcome.

But, at this time, business needs to be doubly sensitive of their obligations to Australia.

Accordingly, the following guidelines should apply.

Price increases should generally be limited to increases in unit costs. Only cost increases that are unavoidable should be passed on in prices. At a time when a concerted national effort to restrain costs is required, profit margins should not be increased.

Exceptions should be strictly limited to special cases, such as to avoid losses or unduly low levels of profitability, or to permit essential new investment to proceed.

By accepting these guidelines, business can do its part to revive the spirit of co-operation and mutual acceptance of restraint which typified the events following our election in 1983.

Let me remind you of the words of the communique issued by the participants at the National Economic Summit in April 1983.

The Summit declared: "If restraint is to be exercised then such restraint should be exercised universally".

That declaration still carries its full force. Business must be prepared to match the very substantial restraint which workers have exercised over the past four years.

The measures I am about to announce reflect the importance the Government attaches to the task of securing maximum price restraint.

The Government's initiative on prices and consumer affairs comprises four main elements: enlargement of the Price Watch network, expansion of the task of the Prices Surveillance Authority, establishment of a new Bureau of Consumer Affairs, and assignment of a minister to spearhead these new efforts to achieve the lowest possible prices and better consumer protection.

Last October the Federal Parliamentary Labor Party established a Prices Task Force under the chairmanship of George Gear, the Member for Canning, to oversee the operation of community-based Price Watch Committees. Thirty such Committees have been established to date, modelled on George's Canning Price Watch, which has been operating successfully for four years.

Each month, the Price Watch volunteers check the prices of a representative basket of items in their local supermarkets, gathering information which serves two valuable purposes for consumers. First, it identifies the supermarkets in the area which offer the best prices. This helps the shopper's dollar go further. Second, the publication of comparative price information enhances competition among retailers.

Price Watch Committees have been so successful that we are now proposing a broader community approach, involving in the first instance the participation of pensioner groups and consumer organisations. Accordingly, I have invited the Australian Federation of Consumer Organisations and the Australian Pensioners' Federation to participate in an extension of Price Watch Committees across Australia. We would be happy to see Members and Senators of all Parties involved in this process.

The Price Watch network is to be overseen by the broadly-based National Consumer Affairs Advisory Council. I take this opportunity to thank the previous Council and its chairman, Professor David Harland, for their work since the Council was established in 1977 and to welcome the new Council and its chairman, Justice Paul Stein.

I want to reiterate that the Price Watch network offers everyone a chance to make a direct and positive contribution to protecting their interests. Rather than signing up a new army of public servants to walk around stores with pencils and forms we will be relying on volunteers to work with the Government, helping themselves and us to combat consumer rip-offs.

The Government will make available modest computing services, to condense and analyse the data collected by the local Price Watches. The results will be sent back to the Price Watch Committees for use in the local community.

Price Watch Committees will also be encouraged to report cases of suspected excessive prices to the Prices Surveillance Authority for investigation.

The second chief element of the initiative I am announcing today is a significant expansion of the work of the Prices Surveillance Authority.

The PSA will, first, arrange for retailers operating on a national basis to report regularly to the Authority on their gross profit margins.

Already, the Coles/Myer Group has made such arrangements with the Authority which cover all its department, discount and supermarket stores. The PSA will be approaching other retailers to make similar arrangements. This will enable the Authority to monitor margins over the bulk of the retail trade, allowing it to seek explanations if margins appear to be growing inappropriately.

The PSA will, second, undertake an expanded program of public inquiries into areas which have shown above-average price rises. These inquiries, to be conducted during 1987, will cover two major classes of consumer goods: clothing, and toiletries and non-prescription pharmaceuticals. Other inquiries are planned for biscuits and, of particular importance to the rural community, heavy duty tyres.

Details of these inquiries will be announced by the PSA. They will provide an opportunity to expose the pricing policies of business in less competitive markets and to enable community groups to express their concern in cases where market forces alone are not so effective.

In addition to the proposed public inquiry into clothing prices, the PSA will monitor movements in clothing and footwear prices using data collected for the CPI to examine the reasons for any very large increases. The results will be published in the PSA's bulletin, 'Price News'. This will complement the PSA's comments in relation to food and grocery price movements, which have helped to improve consumer understanding of the reasons for price movements.

The PSA will examine each quarter any aberrant movements in other components of the CPI. The PSA will be required to recommend whether specific action is justified in any of these cases, including for example, the extension of formal surveillance procedures.

The Government will consider appropriate means of exposing any blatant profiteering detected by the PSA.

We will also be moving to establish a new National Consultative Committee of Commonwealth and State pricing officials. This new body will be headed by the Chairman of the PSA and will meet regularly to discuss trends in prices, to co-ordinate price surveillance activities and to identify problem areas.

The third chief element of today's initiative is the establishment of a Bureau of Consumer Affairs to give new drive to the protection of the interests of Australian consumers. Currently, consumer related tasks are performed in a number of different departments. These will be amalgamated into a single body, the new Bureau, which is to be located within the Attorney-General's Department.

The Bureau will be responsible for:

- . all of the present functions of the Office of Consumer Affairs;
- . Commonwealth policy, including legislative aspects, in relation to domestic food and beverage standards, recalls and consumer product safety;
- . Commonwealth policy in relation to packaging and labelling;
- . product safety and product information functions of the Trade Practices Commission under Division 1A of Part V of the Trade Practices Act.

In respect of its product safety and product information responsibilities, the Bureau will monitor and enforce compliance with standards and develop new standards, as well as initiating mandatory product recalls if required.

The new body will considerably streamline the various government services directed at protecting the consumer. It will provide both consumers and business with a single agency which will help consumers while avoiding the creation of cumbersome new regulation. This will complement the Trade Practices Commission's role in combatting unfair and misleading practices in the market place.

I should stress that while extra staff will be made available to the Bureau so it can fulfill its new role, the number of public servants overall will not be increased as a consequence.

The final element of today's initiative is the assignment of a minister to supervise these new arrangements.

I have decided that Mr Barry Jones, the Minister for Science, should take on this vital task. Barry Jones is to be appointed Minister Assisting the Treasurer on Prices and Minister Assisting the Attorney-General on Consumer Affairs. This will give him direct political and public responsibility for the issues covered by the Prices Surveillance Authority and the new Bureau of Consumer Affairs.

In effect, Barry will be the Prices Minister, charged with the oversight of the measures I have just announced, to renew the fight for the lowest possible prices and ensure a fair go for consumers.

Finally, the Government has had discussions with the Automotive Industry Authority in respect of an increasing concern about motor vehicle prices.

As a result the Authority intends to advise the industry that it will publicise price increases on a quarterly basis during 1987. Moreover it will tell the motor vehicle producers that, consistent with its obligation to monitor prices closely, it will advise the Minister if it considers that motor vehicle price increases are unreasonable.

In such circumstances the Authority would recommend that the Minister use his power to reduce the amount that can be claimed for local content. This would have a substantial adverse impact on the motor vehicle producer's profitability.

I make the point that the Authority has the Government's full support in this proposed response.

Together, these initiatives demonstrate one thing clearly: we are determined to help protect consumers from excessive price increases and unfair trading practices.

As I said at the beginning the Government believes that, ideally, market forces should be left to produce the lowest possible price structure.

However let me state explicitly that if the Government were to form the judgement that the game is not being played fairly, then of course we would have no option but to consider the use of our existing constitutional powers in this area.

I have written to all the State Premiers and the Chief Minister describing this initiative and seeking their co-operation. As for the Premiers of the four Labor States, I have discussed our proposal with them and can report that they agree with and support the course we have adopted.

Let me make a further comment about the Labor Premiers. Barrie Unsworth, John Cain, Brian Burke, John Bannon, and I govern in historically unprecedented times for the Labor Party.

Never before have so many Labor governments been elected and re-elected to office in Canberra and the State capitals. This fact has offered and continues to offer, unprecedented opportunities for co-ordination and consistency of economic management across almost the entire spectrum of our Federation - a Federation which has too frequently in the past been a vehicle for cut-throat rivalries.

Of course none of the five Labor Governments currently in office today is about to sacrifice its prime responsibility to its own constituents. Each government has developed, and will continue to develop, its own solutions to its own problems.

But let me make this very clear: on the issue of prices, all the Labor Governments are moving in the same direction. As we have seen this week, and as the initiative I am announcing today further proves, Labor Governments are all agreed on the necessity, in an era of overall wage restraint, to keep price rises, including Government fees and charges, to the minimum.

Ruby Hutchison lived in an era now long gone. But I do not think it does violence to her achievement or to her legacy to suggest that were she alive she would have two responses to the demands of the current era.

She would of course be delighted to see the strength and breadth of the Australian consumer movement which she launched and she would I believe endorse the efforts which our Governments are taking to manage this period of economic reform by a fair sharing of the burden of restraint.
