



PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

**SPEECH BY THE PRIME MINISTER
OPENING OF AUSTRALIAN COUNCIL OF
SOCIAL SERVICE'S CONGRESS
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1991 is barely nine months gone, yet in those months we have witnessed more change in the world than in any full year of my lifetime.

Over the weekend, just when the world was catching its breath after the dissolution of the Soviet Communist Party and the break-up of the Soviet Empire, President Bush announced a unilateral nuclear arms reduction program of unprecedented size and scope. This courageous and far-sighted decision is yet another signal that the Cold War now belongs to history, and that most horrifying acronym - M.A.D. - Mutually Assured Destruction - can finally be eliminated from our strategic lexicon.

These are signposts towards the chance of a better world than humanity has thought possible since World War II, when the great hopes at war's end were to be blasted by the nightmare of nuclear confrontation. The way ahead remains immensely complex and difficult. But the one thing that stands out is the enduring passion of humanity for democracy, for social justice, for the twin goals of political and economic freedom.

Australians have been among the fortunate few who have enjoyed those freedoms, however they may have sometimes seen to be threatened in the worst periods of the Cold War. Indeed, too often we may have taken them for granted.

I would not want to insult the sacrifice of those men and women in so much of the world who are attempting to throw off the dead weight of the command economy and totalitarianism by measuring our Australian experience against theirs.

But Australia also has faced the pressure of change.

Many Australians and their families have been affected by the great changes the Australian economy - our Australian

society - is undergoing, as we undertake the necessary tasks of making our economy more internationally competitive.

I don't expect any section of the Australian community to accept hardship blindly, passively, uncomplainingly. That is precisely what social justice in the Australian democracy stands against: we are not in the business of imposing diktats as a government, or accepting diktats as a people.

A continuing and central element of the policies pursued and implemented by my Government has been to ensure that the principles of social justice go hand in hand with the principles of economic reform

- that means people don't get thrown off unemployment benefit after nine months
- that means people are covered by a universal health care system irrespective of their ability to pay
- that means people have security in their retirement income through their age pension in the short term and legislated superannuation in the long term
- that means assistance for low to moderate income families.

A Labor Government means we are building a more just society at the same time as we are embarking on the necessary tasks of economic reform.

We can never accept that economic change must mean social injustice.

Ladies and gentlemen, with all our long tradition of freedom we still have much work to do in securing social justice for all Australians.

Much has been achieved, much remains to be done. But one thing has remained obvious. There can be no social justice in Australia, or anywhere else, without economic progress.

There can be no social justice without an internationally competitive economy. We must have an economy able to stand on its own feet, based on an expanding manufacturing sector, on adding value to our unique suite of natural resources so that we are less reliant on our commodity export base, and thereby less exposed to the volatility of international commodity prices.

Economic progress means securing low unemployment and permanently lower inflation through sustainable growth.

Let me emphasise that it is no part of our policy that high unemployment should be allowed to become anything like a permanent feature of our society.

For a Labor Prime Minister the idea of permanently high unemployment is repugnant but there is only one way to cure unemployment in the long term. We must attack the causes. We must create sustainable employment in an efficient, export oriented economy - not make up artificial job creation schemes, where the jobs finish with the money.

We have never wanted to step from the path of job growth. But had we not, three years ago, done something about the fact that spending was growing at twice the rate of production the world would have extracted a far heavier price from us - with much graver social consequences than we in fact have experienced.

But these past 12 months of job loss should not mask our achievement of the previous 7 years of job creation. Even after taking into account recent job losses, a total of 1.5 million new jobs have been created - that's 177,000 new jobs a year. My message is that we did it before and we will do it again, as the economy moves, healthier than before, out of recession.

We have joined the league of low inflation nations. Our inflation rate is forecast to drop to 3% in this financial year. At 3.4% it is already below the 4.3% average of our major trading partners in the OECD.

We must keep inflation at levels comparable with our trading partners. Low inflation is critical to achieving economic progress and to building a just society. High inflation distorts key economic decisions on savings and investment and eats away the incomes and savings of low and fixed income earners.

As I have been saying to industry bodies over the past weeks, to achieve sustainable economic growth, and the jobs growth it will bring, we must build a competitive economy.

And we are doing this, although many Australians are just beginning to realise that restructuring is not only being talked about it is being achieved - the great change that has occurred in our manufacturing industry is testimony to our success.

Over the eight year period to 1990-91 the value of manufacturing exports increased by 220 per cent. This has resulted in a dramatic improvement in the Balance of Payments with, for the first time in ten years, a surplus on goods and services forecast for 1991-92. The August figure, released earlier this week, showed record exports for the fourth successive month and the biggest ever recorded surplus on goods and services.

The benefits of the, sometimes tough, policies we have had to pursue are now being seen.

These benefits will continue to flow and become felt widely through the economy.

The Budget forecasts show real growth returning to the economy in 1991-92 with growth through the year of 3 3/4 per cent. Concerted employment growth should begin to be evident early in 1992.

We are coming out of the recession, but we are not complacent. I gave an undertaking to the ACTU that we will carefully study the ACTU Charter for Jobs and we are meeting with them later this month. We will continue to consult with relevant groups in the community.

Ladies and gentlemen, the thrust of this government's policy effort has been to get the basics of the economy right, because without the basics we cannot build a just society.

But social justice means much more than creating an internationally efficient economy. It is not difficult to think of economies apparently more efficient and competitive than ours which are deficient in personal and political freedoms.

Social justice demands a fairer Australia, a compassionate Australia. In restructuring the economy we cannot and must not neglect those affected by the changes.

In the transition to recovery, my Government is providing a comprehensive safety net for those people directly affected by the downturn.

First, benefits have been increased substantially in real terms over the period of my Government. For example, the real income of an unemployed single adult has increased by 26% for those not renting privately and by 54% for those renting privately. These real increases are protected by the indexation of all welfare payments.

Second, the introduction of Newstart represents a substantial positive commitment by Government to assist those most in need. It is aimed at assisting unemployed people, particularly those disadvantaged in the labour market, to move from social welfare dependency into employment through active job search and training. Initially the Newstart initiative raised some concerns in the community, not least from ACROSS. But I understand that it is becoming more accepted as some of the concerns prove to be unfounded.

The Newstart initiative has been supported by increased expenditure on labour market programs by 50%, from \$399 million in 1990-91 to an estimated \$598 million in 1991-92. In addition, TAFE funding has increased to \$420 million and funding for entry-level and skills training programs has increased to \$180 million.

The purpose of these measures is twofold. First, to strengthen the skills of job-seekers and workers - particularly the most disadvantaged job-seekers - the long

term unemployed, workers with literacy and language difficulties and young people. And secondly, to ensure that skill shortages do not emerge during the recovery, as they did after the 1982/83 recession.

The last line in the safety net is emergency relief. The demand for this type of assistance increases markedly during recession and emergency relief agencies find themselves under great pressure to meet the genuine needs of people in crisis.

Emergency relief funding was increased in the Budget by \$3 million to a total of \$10.84 million.

I am able to announce today that, since the Budget, the Government has re-examined the role of the emergency relief program in providing vital "last resort" financial assistance to people in need, and has agreed to provide additional funding of \$3.5 million this year to bring the total funds available under the program in 1991-92 to \$14.4 million.

In taking this decision the Government has recognised that unemployment is one of the major factors impacting on the demand for emergency relief assistance, and has agreed that in future years the level of emergency relief funding provided in the budget will be related directly to the forecast level of unemployment for that year.

Ladies and gentlemen, my Government has the policies to secure a return to sustainable jobs growth, although unemployment could increase in the short term. The Budget strategy for economic recovery is on track. This is obviously an absolutely fundamental prerequisite to establishing a more just society.

To build a truly just society, however, requires action on a much broader front. We need to direct assistance to those in need; ensure that our rapidly ageing population has a secure retirement income base; provide an equitable and sustainable health care system; improve Government services and their delivery; and improve the places where people live and work.

My Government is responding to each of these challenges.

In 1987, my Government delivered a historic reform to assist low-income families by introducing the Family Allowance Supplement. As a result, we have massively increased in real terms support for low-income families.

The 1991-92 Budget builds on those achievements. We have made the families support system simpler and more consistent; increased assistance to low-to moderate-income families; provided stronger incentives for people to seek jobs; and delivered greater assistance to the primary carer.

I am sure you are familiar with the changes announced in the Budget. Suffice to say that these reforms - including an increase in the FAS threshold, measures to improve FAS take-up, and the payment of Guardians Allowance to sole parents - will benefit over 200,000 low to moderate income families.

Also, all payments for children will now be made to the primary carer, usually the mother. The major beneficiaries are spouses of Jobstart, Newstart and Sickness Allowance recipients. They will directly receive benefit payments for their children.

Furthermore, they will continue to get payments for their children through the Social Security system even though their family circumstances change. This means that families making the transition from unemployment to employment will have the security of knowing that their FAS entitlement will be assessed and paid to them quickly.

Ladies and gentlemen, our population is rapidly ageing to the point where in just 20 years time, around 20% of Australians will be aged over 60 years and in 40 years time more than 26% of Australians will be aged over 60 years.

An increasingly ageing population will create massive strains unless we act now. The security of retirement incomes of the current generation depends on us acting now. Social justice demands that we act now. That is why we announced in the Budget that we will be legislating for a minimum level of employer superannuation support of 9% by the year 2000.

I am aware that ACOSS is concerned about the equity of the current superannuation tax arrangements.

We announced in the Budget that the tax arrangements for personal contributions to superannuation will be reviewed. The review will focus on simplification and on ensuring that the arrangements are equitable.

Your concerns will be assessed in that review, although I would point out that my Government has already significantly reduced inequities in the superannuation area.

Prior to 1983, only 40% of the workforce had any superannuation cover - largely restricted to high income earners and to the public sector. Virtually unlimited deductions were available for employer contributions, and only limited deductions were available for the self-employed and for unsupported employee contributions.

The Government has transformed this situation by increasing coverage through award superannuation and the Superannuation Guarantee Levy announced in the Budget, and by changing the tax system to help focus superannuation on retirement income provision.

Superannuation tax concessions are ultimately regulated by a person's reasonable benefit limit which is based on a tapered scale to ensure a more equitable distribution of tax concessions. Reforms to the reasonable benefits limit implemented in July 1990 have enhanced its effectiveness and improved the access of low income earners to superannuation tax concessions.

Medicare is a central plank of our social justice strategy. It is the most stable system of health insurance in our history. It guarantees access to basic health services for all Australians and, at the same time, has contributed to restraining our total health costs.

However, the current growth rate in medical services, particularly in general practice, radiology and pathology, are unsustainable. At current growth rates, the number of services per person will double in just 20 years.

That problem is not a problem of Medicare - it is a problem that flows from open ended insurance for fee-for-service medical practice.

Therefore, we are restructuring the Medicare benefits arrangements to promote more appropriate use of medical services, higher quality of care and more efficient use of health resources. At the same time we are providing for improved protection for families from high out-of-pocket costs for private medical services. The Government has also maintained protection for people on low incomes and the chronically ill.

These reforms are designed to entrench Medicare into the Australian landscape. The Government is, nevertheless, aware that the announced reforms to Medicare has aroused concerns in the community, including from ACOSS. You will be aware that a special Caucus working party will be assessing these concerns in a Report which will be considered shortly.

Ladies and gentlemen, the July Special Premiers' Conference agreed to fundamental microeconomic reforms to develop a more efficient and competitive economy.

It is now time to ensure that the singular opportunity offered by the Special Premiers' Conferences is similarly harnessed to improve social and community services.

I have always believed that co-operation flowing from consensus is the best, and, ultimately, the only way of achieving a better and more efficient Federal structure which is the aim of the Special Premiers' Conference initiative.

Current intergovernmental arrangements have developed in an ad hoc way since Federation and although some find them comforting, ultimately they will fail us.

The search for a better way has involved looking at all options for the management of current joint responsibility programs. Community views have provided an important input to this process. In the health, housing and community services areas, for example, ACROSS itself has co-ordinated national consultations with the community welfare sector.

The results of this process will be considered at the November Special Premiers' Conference. Importantly, there has been a willingness to consider new structures and new arrangements which may hold the promise of an end to the present in-built causes of inefficiency and poor service delivery.

One thing that will not be changing, however, is my Government's commitment to social justice and what it means in terms of equitable access to appropriate and adequate services.

Let me make this very clear: the Commonwealth will not walk away from any of its social justice responsibilities and objectives. This Government has a very strong record in advancing social justice through protecting the interests of the more disadvantaged members of the community. In conjunction with the States, priority has been given to improving services for groups including Aborigines, women, the aged, the disabled and the homeless.

The Government's commitment to these principles and priorities remains unchanged. Any agreement on future roles and responsibilities must protect the interests of clients and must clearly specify national interests and agreed national objectives.

Ladies and gentlemen, where people live can have an important influence on, and be an underlying cause of, difficulties in gaining access to employment and services.

Initiatives addressing both ends of the locational issues spectrum are being advanced in 1991-92.

The first of these concerns Australia's cities; the second relates to the very different problems faced by the people in rural and remote areas across the whole of the north of our continent.

Both of these sets of problems have dimensions which cut across the usual boundaries of responsibility between levels of government and service-delivery agencies. For this reason they have tended to be put into the "too hard" basket.

We must overcome that inertia.

The Building Better Cities Program will provide \$800 million over five years to State and Territory Governments to assist them with projects that will improve linkages between work, housing and services, to improve public transport and to

address issues of housing density and better governmental processes relating to land use and service delivery.

With 60 per cent of Australians living in our five largest cities it is essential that we address the problems of our urban environment now, if there is to be real social justice in the 21st century.

For Australians living in remote areas, our decision to develop, by mid-1992, a North Australia social justice strategy, is clear evidence of my Government's awareness that problems of access to housing, education, employment and services are by no means confined to city dwellers.

To overcome the "tyranny of distance" we need to go beyond services designed for urban environments and make more imaginative attempts to develop programs better suited to the specific geographic and demographic characteristics of the north.

To carry this work forward we have established a North Australia Taskforce, whose aim is to develop and recommend practical improvements, based on an assessment of actual needs, rather than on the limitations of existing programs.

Ladies and gentlemen, I note that the Opposition Leader is going to speak to you tomorrow. The Coalition's priorities are plain; economic dogma over social justice.

The Opposition's proposed consumption tax is deeply regressive. The winners will be the most privileged - the losers will be the lower and middle income earners, the poor, the aged, the disadvantaged. Bread and milk will be dearer - luxury cars will be cheaper.

The consumption tax would smash our historic inflation gains, and cause a once and for all reduction in the value of accumulated savings.

Combined with massive Government spending cuts, a deregulated labour market and a 0-2% inflation target it is a policy package designed to drive unemployment much higher - indeed, there could be no other possible outcome from such a package. And the measure of their compassion is their policy to cut people off unemployment benefits after 9 months.

It is a policy package which makes my Government more determined than ever to deliver a more just society, a fairer Australia.

Ladies and gentlemen, I began by saying what an extraordinary year 1991 has been, and how in the events of this year, especially in the progress towards the removal of the nuclear threat hanging over us all, we can find hope and a way forward.

In the past Australians have shown that we are adaptable and capable, clever and compassionate. The difference now is that, as I have said many times this year, we are a nation of 17 million in a world of 5½ billion people. It is not a world composed of old friends who will help us out. It is a super competitive world, where each nation is as self-interested as the next.

The challenge for us is to create in this country an internationally competitive economy at the same time as advancing our agenda for social justice and social change, and providing for the underprivileged and disadvantaged.

That is what we are in government to achieve. There are hard and complex decisions to be taken, and we will take them. Not from an ideological point of view, but from a compassionate and fairminded view of where we are going, and what we must do to get there.

Australia will face the twenty first century with an internationally competitive economy, but it will be a fairer Australia striving to be fairer still.

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REAL INCOME IMPROVEMENTS FOR PENSIONERS AND BENEFICIARIES

	Coalition 1975-1983	Labor 1983-1991
Sole parent with 2 children		
Not renting privately	-4%	+25%
Renting Privately	-4%	+32%
Married pensioner with 2 children		
Not renting privately	-2%	+21%
Renting Privately	-2%	+26%
Unemployed single adult (21 and over)		
Not renting privately	-19%	+26%
Renting Privately	-19%	+54%
Single pensioner, no dependants		
Not renting privately	-3%	+14%
Renting Privately	-2%	+21%
Married pensioner couple, no dependants		
Not renting privately	-2%	+14%
Renting Privately	-2%	+18%