



## **PRIME MINISTER**

### **TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J KEATING MP ADDRESS AT INFORMAL LUNCH FOR THE "WORK FOR AUSTRALIA" TASK FORCE, THE LODGE, SUNDAY, 12 DECEMBER 1993**

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Distinguished guests, first of all could I say that Annita and I are delighted to have you here and thanks very much for coming. We wanted to record two things; one, the fact that so much effort and so much goodwill was invested in the jobs program coming through 1992 and 1993 from the jobs summit of last year and to thank each of every one of you - and those not here - who were involved in the success of making so many of these programs work... and to focus now on the questions of regional development and the Task Force report which Bill Kelty has chaired and which he will present next Thursday.

In the last year, of course, during 1992 when we held the jobs summit it was probably at the depths of one's hopes and aspirations for the economy and for the labour market, and particularly for young people. And, we've sought to find ways to make that transition from school to work, for young people, via a program of enhanced training. Not just higher retention rates in schools - and that itself, I think, is very important because it needs to be remembered that just ten years ago just under three kids in ten completed secondary school and that's now just under nine in ten... and that's a revolution in education. And we've now added the equivalent of about 15 universities to the system since 1986 and we're streaming those kids - 40% of the output of our secondary education system goes through into the universities and now, in 1992 at the time of One Nation, we also focused upon the development of the thing we've probably lacked most in Australian education and that was an expanded and revamped technical and further education system; a comprehensive system of national vocational education for those kids who are not going to qualify themselves for a tertiary institution but who wish to get vocational qualifications which stand and will stand them in good stead and which will be recognised across Australia.

And, so, with those two things - the higher participation rate, the streaming through university - and also for those who drop out earlier than the

completion of secondary school to take them through a school-to-work training transition. And for that, of course, we've had great support from not just employers but from the ACTU and the constituent unions in trying to build the institutional arrangements to let that happen. I'd like to pay tribute here to Bill Kelty for his work, but more than that, his great view of the country and his commitment to working people and particularly young people, into the bargain. And also to Lindsay Fox who joined with him in going around talking to regional Australia and seeing if they could find the jobs which we know, basically, are there, and where we could exploit the labour market programs which the Commonwealth had set up in 1988-89 and in 1990 and in the One Nation statement of 1992.

It's one thing having these programs, it's another thing having them used, having them taken up so that people understand they're there and that acutally, particularly for small business, we can do so much with them. It's been a fact of this period of recession that we've been through a productivity surge; and that's another way of saying we've got more output from fewer people. And we've seen very large lay-offs in industrial companies and that had, of course, a debilitating effect upon the labour market

As we are now starting to see the economy pick up, I think this is something really to rejoice in because we do have growth now running at about 3.25 per cent, we are growing as fast as any other OECD economy, we have 100,000 job growth in the last three months and we are starting to see some of the hints of the kind of recovery we had in 1983-84 in the labour market. That is, we are starting to see some of that stronger job growth coming through. And as you know, those of you who have been involved in these programs, it makes all the world of difference in being able to leaven up the labour market with some really new employment there and despite the efforts of people like yourselves who have put young people on and give them training and work experience to make that transition to permanent work and already you have told me, so many of you today, that a high proportion of those who have gone into the programs have actually found permanent work, they have been good employees. It makes it so much easier with labour markets that much stronger. And so I think that is happening now and there is no substitute for growth. In which ever way one looks at employment, there is no substitute for growth.

And the essence of the Accord which Bill Kelty and I had so much to do with from ten years ago was in fact an implicit deal, wage restraint for employment and the wage restraint of the '80s was taken up in more employment so that today even with the unemployment we've had Australia has 26 per cent growth in the work force over 1983 which is still quite a spectacular figure. So it means that more people in households are in work than would have been without Government policy focussing explicitly on growth.

I know that people say that all governments are in favour of growth, well yes they are, but they don't set up the policies for growth. Most of the European economies have not been in favour of growth, they have been in favour of

firstly - of low inflation and growth has been secondary and employment has come way behind and they have now got 17 million unemployed people in Europe. Now, we never took this policy in Australia. We actually went for growth until we couldn't procure it particularly with the recession and the international recession which was built around it.

But, always we have been about growing the economy faster and we are now starting to see the economy accelerate and as it accelerates the link between growth and jobs which has always been there is reappearing again. But, that is not to say that that will deal with those who are long-term unemployed, those who have fallen to the bottom of the labour market or who have been unemployed for twelve months or more, that have lost their self esteem, that have lost their skills, they have lost their place and they are the people we said in the election campaign we wouldn't forget and a day before Bill presents his report we'll have the Employment Task Force report, the first such major inquiry since the Second World War into the labour market which we hope will focus some new directions on how we can bring the long-term unemployed back up and back into the mainstream of Australian society. Because we want to avoid things that happened in Europe and in countries like Britain where there is 10 or 11 per cent unemployment, but wage rates continue to rocket and you say; well, how can wage rates rocket when you have got a pool of unemployment and the answer is because they are sidelined - they are out never to come back and the labour markets requirements are then met with new entrants to the work force, from schools, new people joining the labour market.

So, we don't want that to happen and we do want to focus on those long-term unemployed and to bring them back into the main culture of Australian society, the economy and the labour market and that is why the jobs programs are important, that's why the labour market programs are important, they are not in themselves job creation programs as much as they are things that find people who have been disadvantaged in the labour market or long-term unemployed and give them a chance to get work experience, self esteem and a permanent job.

Now, in the ones which Bill and Lindsay (Fox) and you are focussed on are mainly for those who are young people - those in that sort of 16 to 20 area who have never had the joy of being in employment and having that kind of independence. So, it was a problem of particular size and dimension and we have attacked that and Bill gave you the figures a moment ago that there are 50,000 jobs there committed and 31,000 in place and that is a tremendous effort and I think that we should, while there is a lot of corporate effort here in the doing of that, just record the fact that Bill Kelty and Lindsay Fox were the prime movers in this coming from that jobs summit last year and they are to be congratulated for the hope and the joy they have given so many young people.

The future now is - how do we get the labour market moving again? How do we bring those who have been disadvantaged back into it? How do we build

on the skills that we have? Because don't doubt for a moment that Australia has been through an absolute revolution in the way this economy is set up in the last ten years. We are more now outward looking, we are more confident, we now recognise what our strengths are more than we have ever done and as a consequence we are now building on those skills and those advantages and when often the advantages are right under our nose we can't see them. But I think Australians now appreciate the particular advantages which we have and that we are out there to build upon them and to make them work and that is why we can see, I think, a greater future for regional areas in this country and regional Australia is so well represented here today and it has to be I think, to build on our comparative advantage; first of all to recognise it, to understand it, to build on it and to see where the regions of this country can find themselves in the national and international economy of the Asia-Pacific in particular. This we are doing and we are doing it not as successfully as we would like, but we have started I think, to understand that there are many diverse advantages and skills in regional Australia and that that is something to build upon.

I look forward to the receipt of Bill's report next week to give us a chance to even up employment and business opportunities across Australia and to let the regions of Australia know that they are also part of the great economic change of the last ten years and the benefits will not simply be the preserve of the cities, but also of the regional areas.

There is a new co-operative ethic in Australia, a productive and co-operative ethic which has come out of this. There is a sea change in business, I mean ten years ago what business wanted was more tariff protection, but when you look at the business environment today it something that hardly anybody in business ten years ago would have imagined. That was, we are 30 per cent more competitive than ten years ago; we have got an inflation rate of 2 per cent instead of 10 per cent; we have got a competitive exchange rate mechanism in place; we have got a 33 per cent corporate tax rate instead of 46 per cent; we have got removal of the double tax on dividends so dividends are taxed only once, where in the '70s and early '80s we had debt taxed once and equity taxed twice now we have got debt taxed once and equity taxed once so we are really set up a good depreciation schedule and a very high profit share in the economy.

So, all these things are there basically now to power investment along in a sustainable way and particularly now with the banking sector somewhat more experienced and more mature coming from the early days of financial market deregulation. We are going to see scarce national assets put in the right places this time rather than simply chasing inflation in property and other things and so when you look at the whole of that together, that tremendous mix and the fact that we are also not just set up for growth and investment and employment, but we are sitting in the area of the world that is growing most rapidly - in the Asia-Pacific. And in that the Government in the last ten years has pursued the GATT Round which is now coming to a successful conclusion; where there will be about a \$2.5 billion advantage for Australian

producers in world markets as a consequence of the GATT and then in the things the GATT can't do in our immediate area we are setting up APEC - Asia-Pacific Economic Co-operation into an economic community which will see Australia integrated for the first time in its commercial history - truly integrated outside of empire preference which was a thing that powered us along in the late 19th Century and early 20th Century will be set up in the Asia-Pacific as an integral part, as a country integrated into it as never before.

So, you look at the big market of the Asia-Pacific, our integration with it, a really good fine texture in the GATT rules for agriculture, intellectual property, services and goods that gives us a good set of rules and dispute settling mechanisms to really power trade along and then look at our own economy 30 per cent more competitive, low inflation, the lowest interest rates for 20 years, a good fiscal scene; all of these things I think mean that Australia really can participate and the Australian economy can continue to change as it has been changing.

This must spread through to the regions of this country and that this is an inclusive change which involves the whole of the community and that means that nobody gets left out and that means particularly the young people, those who are young and unemployed, the long-term mature aged unemployed and the regions of Australia which have felt the pinch of the recession and unemployment even more cruelly than other parts of the country.

So, we wanted to just record with you today, firstly our thanks for what you have done in dedicating yourselves to the work and happiness of so many young people who might not have otherwise found themselves in employment and the esteem which comes with it, for focussing on the problems of regional Australia and co-operating with Bill and Lindsay Fox in trying to articulate what they are, in articulating to the task force the problems and being able to communicate those to us so that as we focus on this coming Budget we can look at the reception of the Employment Task Force and the Regional Development Task Force reports, consider them in policy as a whole, as a totality at a time when the economy has got some natural lift in it and where the labour market is responding.

So these are, I think, cause for hope that we can really do much better across the country, but particularly in regional terms next year and in the next couple of years as the economy really gets a spurt on.

So could I again just thank you for coming. Annita and I are pleased to see you here at The Lodge to share this day with us and as I say to record our thanks for your commitment to young people, for the effort you made and to awaken employers who didn't know about the labour market programs, that they do exist and there is real complement to them in terms of labour that is available under these Commonwealth labour market programs. And, can I say again finally to Bill Kelty - thank you Bill for your very unselfish efforts over the last 18 months on the road so many days in each week and so many

nights into regional Australia and with Lindsay who is not here at the moment, but may arrive later - there are some great people on Australian business and they have stuck their neck out and they have made a great effort and I want to thank them too. But to those of you who are representing regional councils, regional institutions, companies, the CES, radio, television and other important areas of the regional economy, thank you ever so much for coming, we hope you enjoy the day and you will give me an enhanced opportunity to talk to you because while I get around the regions quite a bit, you can never get so many regions crowded into one place at one time as today and that is something I am looking forward to.

Thank you. We will now complete our official speeches and we can go and have a lunch and have a pleasant talk together, thank you one and all.