



PRIME MINISTER

146/93

**STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP
RELEASE OF REPORT - "RESTORING FULL EMPLOYMENT"**

Today, I have received the Report of the Committee on Employment Opportunities. The Government established the Committee on May 28 this year, requiring it to analyse the causes of Australia's unemployment and present policy options for the future.

It should be understood that this is not a Government Report, but a Report to the Government - and to the Australian community. There remains the process of public discussion which must occur between now and the delivery of the White Paper next May.

During this process of public discussion I think it would help for us all to reflect that as we argue the pros and cons most of us - business people, lobby groups, and politicians - will do so from the relative comfort station of actually having a job.

In other words, to be effective the process will require all Australians in work to imagine what it is like to be out of work.

Unemployment is at once offensive to our ideals and a major source of inefficiency in our economy. It has devastating affects on individuals and their families, and debilitates social cohesion. It increases the costs of welfare and hence the burden of taxation. It limits the scope of public expenditure, including the reduction of public debt. It is Australia's greatest contemporary problem. It is the first priority of the Government and must be the first priority of the nation.

The Report makes the fundamental issues abundantly clear.

There is no simple solution to unemployment, no single solution: but, without question, an essential condition of success in the fight is a high and sustainable rate of economic growth.

We have every reason for confidence that we can achieve this growth. The present rate of 3.5% compares favourably with our OECD counterparts. Interest rates are the

lowest in more than a decade, inflation the lowest in a generation. Profits are back to pre-recession levels. Australia is more competitive than ever before - and the willingness to embrace change on which this new competitiveness has been built will itself be a vital factor in solving our unemployment problems.

The Report makes clear that more change is needed. Australia needs to continue on the road to greater competitiveness. Without it, and without a higher rate of economic growth than we have at present other policies will merely tinker at the margins of our problem.

The Government is firmly of the view that we can restore full employment.

But as the Report says, we can only do this provided that the Government and all sections of the community are prepared to develop a new and stronger sense of national purpose, and a consensus that the goal is worth pursuing.

In the past year, we have done much to make the economy more competitive, much to stimulate growth - and much in the way of direct labour market assistance for unemployed people.

We have spent more than \$1.3 billion on labour market programs this year, doubling the job chances for over 500,000 unemployed Australians.

The Committee takes the view that, vital though it is, economic growth will not on its own be sufficient to solve the problem.

We learnt this during the 1980s when, at the end of an employment boom, 100,000 people remained unemployed for 12 months or more. These long term unemployed Australians now number 340,000.

The Report is unequivocal about this: long term unemployment has severe social implications and is a severe impediment to labour market efficiency.

The Report, therefore, presents various options for an immediate, determined attempt to reduce long-term unemployment.

Central to these options, is the principle of "reciprocal obligation". That is, the obligation on Government and the community to provide positive assistance to those who are out of work, and the obligation on unemployed individuals to actively seek work and accept it when it becomes available.

The obligation, of course, extends to business, unions and employees who must address the constraints to growth.

Foremost amongst the Committee's options is a "Job Compact" for the long-term unemployed under which this country would decide that it is simply unacceptable for anyone to remain out of work for longer than a specified period - the Report suggests 18 months.

The aim of the "Jobs Compact" is to break through the barriers which confront the long term unemployed: only a job effectively puts a person back into contact with the labour market. Only a job puts skills back into action and encourages the development of new ones. Only a job regenerates morale, discipline and confidence.

The Report estimates that the "Job Compact" would reduce the number of long-term unemployed from an anticipated 290,000 in June 1988 to around 90,000.

The Report also addresses the critical issue of restructuring our social security system to reflect changing employment opportunities and changing job aspirations.

In addition, the Report contains a wide range of proposals for the targeting and delivery of services, increasing the skills of the Australian workforce and encouraging the unemployed to undertake training and study.

This is a most important Report, not just for the Government, not just for the unemployed, but for the Australian community - for every Australian.

It raises questions about matters which fundamentally affect the welfare of our fellow Australians, the health of our communities, the well being of future generations, and ultimately our status as one of the world's advanced social democracies.

I urge all Australians to recognise that unemployment is their concern, and to make the goal of full employment their goal.

CANBERRA
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