



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
SPEECH FOR THE NATIONAL SUPERANNUATION EDUCATION
CAMPAIGN LAUNCH, BERLEI FACTORY, RYDALMERE, SYDNEY
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Thank you indeed Paul (Elliott), Lord Mayor, Jennie George, Richard Glass, the Managing Director of Berlei, and Berlei executives, and members of the work force, workers here at the Berlei factory, ladies and gentlemen.

It's a great pleasure to be here today, to be party to the launching of this campaign to provide information to Australians about superannuation. Award superannuation is one of the great undertakings of the last decade, and it is now starting to blossom as a result of the Budget measures we announced just a few months ago. It will be such that by 2002 - which is not far away - every Australian working person will have 15% of their income going on their account into a superannuation fund - into a superannuation account for them. What this will mean is when they retire, someone joining the work force will retire on what is now twice the age pension, someone who is in the work force already - in their 30s perhaps - will retire on about three-quarters of the age pension, plus the age pension. So, it's going to mean a dramatic lift in the standard of living of Australians in retirement, and, of course, put together a huge pool of national savings, which can make a country stronger, which means we will rely less on overseas savings and overseas debt, and which means we can power along investment and employment and exports. So, this is a scheme that came from firstly, a lot of imagination, and belief in the fact that Australian working people would put some of their income away as savings for their long run retirement. And because they would be prepared to do that, the Government would also be prepared to put income away, by way of the tax concessions and direct payment, paying the tax cuts into superannuation accounts. So as a consequence, we are going to see - as they say - a very large pool of savings develop on behalf of each and every person.

To give an example, someone on average weekly earnings now - that's someone on about \$32-33,000 - when they retire, they will retire on a lump

sum just under half a million dollars. And someone on one and a half times weekly earnings, will retire on a lump sum of over \$600,000. And this will produce an income stream in retirement which will guarantee them a much higher standard of living than they have today.

You don't need to be a demographer to know that the Australian community is aging. When my generation moves through to retirement, there will be twice as many retired aged people as there are today. And we will be relying upon the people then in the work force to provide the standard of living in retirement most of us have come to expect - but there will be twice as many of us. So, this Government, back in the 1980s - with the ACTU - saw the opportunity to start to move towards some sort of national contributory scheme for all workers, not just people in the public sector, or some private companies, but for all workers where something was put away by employers on their behalf in lieu of wages. Some of the Accords we did in the 1980s with the ACTU were built on claiming less in cash at the time to allow something to go away in savings for the future. And that's now up to around 6%, it will be 9% in 3 or 4 years from now, and then to that we add the Budget contributions of this year, 3% tax cuts paid as super, and 3% from employees themselves, so the 9% becomes 15% - 9 plus 3 plus 3. And what it will mean is that we will see a huge lift in national savings. A decade ago we had about \$40 billion in super funds. This year we have got \$180 billion, and in the year 2020 when this scheme is fully mature and up and running, we think we will have \$2 trillion - that is 2 thousand billion dollars in superannuation fund assets. And people talk about our national debt, and that is an issue. But our national debt is \$160 billion - we have already got \$180 billion in super fund assets this year. And we are going to have something like 2 thousand billion dollars, as I say, in about 2020, or one thousand billion by the year 2000 - not so many years away.

So, this is a mighty change. This is something most countries would like to see their Governments do with their work forces. And this has been done by a Labor Government with the work force, through the Accord. And it's not been done by tax concessions to high income tax payers - it's been done by the fair and equitable way of this being allowed to go, these tax concessions being widely available to all working Australians.

One of the things that I am most particularly pleased about, and that is the support which super has given to women. Jennie already made reference to that, and she has been - herself - a great stickler and supporter of this advantage coming through to Australian women. You know that the pattern of Australian female employment has been in respect of super - that wherever a person was actually lucky enough to have a superannuation fund, a woman would have that tallying up for her. But if she left work to have a family, it would then be either paid out as a lump sum and finished and terminated, and mostly what she would get would be her contributions back - and that was the end of it. And if she happened to come into the work force later, she could try and pick something up afresh from a cold start, but there was no continuity. Now, there's preservation to age 55. Now, every one - every working woman - will have a benefit in superannuation. And in the case, say,

of somebody going off to have a family, those earnings will continue to accrue and will be there if and when that woman comes back into the work force. And that will then grow and compound to age 55 under the tax concessions. So, what we call preservation investing will be there for Australian women to give them that support in their own name - in their own right - at a later stage in their life. And this is, I think, an important social milestone, and a good thing we have been able to do together.

So, there is a lot in this for the country, there's a lot in this for our future. We need investment to get employment. But this is a big continent. The projects that are growing all the time in this country as such that it is more than our current national savings can afford, so therefore we put the call on overseas savings or overseas debt. And this is where the current account and the debt comes from. To deal with it, we need to do some things, like adding to our national savings, like superannuation. We also need to do some things like putting the Budget into surplus, which the Government has done. So you have got public saving on the one hand, and you have got private saving with superannuation on the other. These are the ways - in the long term - how we will deal with our debt. Not some imagined productivity commission, or some bit of economic fairy floss that wouldn't travel a yard under real scrutiny, but a real national scheme, where the huge force - the economic force of that wealth - going in 15% for everybody, every week, into the future. It will mean a much greater pool of savings, higher levels on investment, therefore higher levels of growth and employment, higher levels of exports giving Australia that sort of savings advantage it's never really had in the past. And, as we say, that standard of living in retirement.

One of the issues in the United States at the moment - as they say, one of the concerns of Middle America - is that many Americans believe that they won't be provided for in old age. They won't be provided for because they know there will be many more retired aged people when the baby boom generation retires than is the case today, and they don't think the tax system, or the public system, will keep income support up to them. Well, in this country, a Labor Government thought about all that a decade ago, so that when we get to that position, you will have people basically on twice the aged pension. So someone on average weekly earnings - just before they retire - will actually retire on an income the same as average weekly earnings. They will go out on average weekly earnings, and their pension plus super will add up to about the same amount. And then that will improve to a point, and then it drops away, because it is there to support the great bulk of the work force. So, it's a great change - this is a great national scheme. It certainly is, in financial terms, the greatest private savings arrangement that Australia has ever had, and by launching this program today, we are trying to tell people about it to involve them with it, to give them some confidence that the system is going to be managed well for them, and that it is going to do good things.

I was particularly pleased to be at Berlei here today, and glad of the information which Richard and his colleagues were able to give me about the clothing and textile industry. Because when we started on the big reforms in clothing and textile 10 years ago, people were talking doom and gloom - "that

will be the end of TCF, it will be finished, there is no way we will be able to compete with people abroad, we won't be able to make high quality sophisticated things, we will simply be deluged with imports". Now, by - again - taking the initiative and having that imagination and belief in Australians and this industry that it could do better, we are seeing today a modern clothing industry in Australia, which is not only providing products for this market, but it is also providing for exports as well.

But the other thing that I thought was interesting about Berlei, was that the building and the land was owned by the State Superannuation Board, and it makes the point that here is this wonderful technical capacity here to produce a high quality garment, coming out of one of Australia's most committed firms in this industry, in facilities which are owned by a superannuation fund. And we are going to see more and more of this all around the country as your savings will be placed in Australian industry and we will continue to see a growth in the nature of the stock market, and a maturation where we start seeing the stock and the investment industry actually supporting the innovative companies, and we will be seeing a pool of savings needed to be placed, to actually help all that along. I think this is a very encouraging and exciting prospect.

So, I would like to, today, thank many people for their commitment to this great national initiative - to our colleague partners in the ACTU, represented by Jennie George, to all those people in the work force who believed in something better, in putting something away for tomorrow, to the industry we have now got to build, to the investment industry who have to now meet the challenge of what the Government has created, and to all those Australians who know there can be something better out there in the future. We hope that this campaign will answer some of those questions - what is super? what are my entitlements? how can I take my money? what is the Government going to contribute? is the money going to be safe etc? what am I likely to retire on? These are the questions that we know Australians want answers to, this campaign is about opening up some of those opportunities to provide them with those answers. I thank Paul Elliott for being involved with the...having the stewardship of this campaign, and for those involved with it, I am very happy today to be here today to officially launch it. Thank you.

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