



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
SPEECH AT THE AREA CONSULTATIVE COMMITTEE CHAIRS
NATIONAL CONFERENCE, HOTEL INTERCONTINENTAL, SYDNEY,
4 DECEMBER 1995**

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Well thank you, Monique [Aho], Simon [Crean], my colleague, Derek Volker, distinguished guests, ladies and gentlemen.

Well we appreciate very much you coming together. But, more particularly, for giving us support over the course of the last year in doing what, I think, is a new thing for Australia. That is, a partnership between the Government and business in focussing on the labour market and particularly on the long term unemployed.

One of the things, I think, we have always believed - well we like to believe - certainly it is one of our characteristics, is that sense of fairness and egalitarianism which I know you all share and I think most Australians share. And there was no way that we can continue to lay claim to those qualities if a large proportion of the workforce were denied opportunities to take their place in society and to enjoy the things the rest of us have been able to enjoy and to share in the opportunities and the bounty of Australia.

And the difficulties of unemployment and longterm unemployment have been pretty obvious for quite a long time and even in the 1980s where we had spectacular rates of employment growth, we could never get unemployment below about 6 1/2 per cent because we could never get down into the people who had already lost their place in the labour market. And I think we always need to keep a sort of mind's eye picture of the labour market of people coming into the pool, perhaps staying there a few weeks or a few months, and then going out to employment. And the fact that some people in the pool are there a very long time and they drift to the bottom of that labour market and when we get strong employment, there is not enough pulling power from the employment to tug the new entrants along and to pull them out of longterm unemployment.

So you find we have this pattern of those who join the labour market are the school leavers, women moving into the labour market - often rejoining it, or

for the first time - migrants. And so even in an economy which is growing as strongly as this one has - where we have had employment growth of around 3 1/2 per cent to 4 per cent - it is taking up the new entrants and it is taking down unemployment. But it is not necessarily getting to the longterm unemployed and for all the reasons that Monique mentioned a few moments ago, people lose their self esteem, they lose their sense of importance and their sense of self worth and, after a while, they are psychologically not really prepared to apply for jobs or even were they lucky to snare one are they in the right sort of shape to make a contribution to hang onto one.

So the challenge has been for us to deal with the longterm unemployed as well as the raw demands of employment. Now I am very happy with the rate of growth we have been getting in employment growth. We had the largest fall in unemployment in the last 12 months we have ever had. But even so, 8 1/2 per cent unemployment is too high and you can see that even with the economy growing somewhere between 6 per cent and 4 per cent in the last few years, in fact we have had 17 quarters of consecutive growth. This is the longest growth phase in Australia since the war. We have never had 17 consecutive quarters of growth since the Second World War and yet we have still got unemployment with an eight in front of it.

Now our target is to get to unemployment of 5 per cent by the turn of the century, which means as we continue with employment growth and we get towards that 6 1/2 per cent we had in the late 80s - this time with Working Nation in place - we ought to be able to go down further through the arrangements we have in place with you and people like you, in the Area Consultative Committees, and with employers across the country to focus on the longterm unemployed so that we can actually get down to that group that we weren't able to get to in the 1980s.

Now since Working Nation was introduced, we have had a 25 per cent fall in longterm unemployed. And, I think, even after the end of the 80s with that huge period of employment growth, we only reduced longterm unemployment by something like 8 per cent or 9 per cent. So this is a huge improvement and it couples in with what we are trying to do in education and training generally.

This morning I was out at the Canterbury-Bankstown Leagues Club, talking to the Southern Sydney and South West Area Consultative Committees, and I was making the point there about education and how education and training are the bridges to better opportunities for everybody. It allows people to crack through the barriers - economic, social, however they perceive them - and find the opportunities for themselves.

Now a decade ago, only three young people in ten completed secondary school. This year it is eight in ten and a decade ago we were putting 40 per cent of young people through university and we are still putting 40 per cent through, which has meant - with a massive increase in participation and completion rates in secondary school - we have had a huge addition to the

stock of tertiary places. We have gone from 325,000 university places in 1985 to over 600,000 this year.

So we have got that 40 per cent coming through. But, of course, in a much fairer sample because so many more young people are completing Years 11 and 12 and going on. But we also had the problem of that other 60 per cent cascading into very little training and in a country that wants to be technological clever and innovative there is no way you can talk about a clever country - for a start, if only three in ten young people completed secondary school, and even if we get to eight in ten as we are now, if we can't get a higher proportion of them trained, we are not going to make the grade in terms of their expectations and opportunities and our own for the country.

So we are doing two things. We are building a tertiary education system of quality and we have had a big revolution in tertiary education and we are still working our way through that. We have now expanded it. We have now got to continue to lift the quality on that so we don't get lower common denominator effects and now out into vocational education in the One Nation statement of 1992, we put together the Australian National Training Authority, which for the first time is putting together a national TAFE system, with national accreditation. Now this was a big effort.

Joan Kirner is with us today. She was Premier then and I owe her a great debt in supporting that initiative and we brought the other States to it. Wayne Goss was ANTA is now based in Brisbane and he was, if you like, one of the founding Premiers in it and the impact of it has been, I think, already rather profound. And we are going to build a national vocational education system and with it appropriate certification so that the standing of somebody with a certificate from TAFE or ANTA across the country will be able to find recognition as they find for a tertiary degree.

Now all of this, of course, fits the story of training and in Working Nation we focussed on the longterm unemployed through this novel thing of a Job Compact, where we say after you have been unemployed 12 months or more we will give you a Case Manager, who then manages you and that person will manage around 30 people and get to know you, your educational attainments, your work experience, your aptitude, your family situation and has the option of giving you a job subsidy and getting that person placed into a job. But the essence of the Compact is they must take the job.

Now through that device we have had a lot of success in bringing longterm unemployment down and that, in part, also means bringing the business community into the picture. Because it can't be done only by the Government, it can't be done by the CES. We are also trying to develop a private training market and Joan is chairing ESRA, which Simon and I developed to create a market for employment services so it is not just, again, the monolith of the CES. But we have also got other private providers of employment services out there, just as we are going to have private providers

of training. It won't just be the ANTA/TAFE monolith, but private training providers.

And just out at Canterbury-Bankstown this morning, a representative of a construction firm was saying how they have set up their own training unit and they are putting about 170 people a year through it. And we are supporting that, financially, and we are supporting those sorts of activities financially around the country to see a private training market emerge as well.

The other important thing, I think, we are doing is we are starting to try and encourage young people in Years 11 and 12 to get some out of school work experience and start to focus their career into TAFE and giving them TAFE accreditation while in Years 11 and 12, through the Youth Training Initiative of Working Nation.

So, in other words, instead of them finding at the end of Year 12 when they have left school and all of a sudden they can't find a job and are not sure what they do next and they are not quite prepared for the next step, we start getting them thinking about what they might do and getting them prepared and getting them focussed and streamed in Years 11 and 12.

In Working Nation we thought it was important to declare that we wouldn't let any young people under 18 years of age slip through the system. We were regarding 15 to 19 years as a period of vocational preparation. We don't expect young people to be away from school, or away from structured training - and, if they are, we try and pick them up through the labour market programs, or get them back into accredited training. At least they should have the opportunity that, to 19 years of age, they can then come and say I have had education to a certain level, or training to a certain level, or post-secondary training of some quality and they can prepare themselves better for entry into the labour market.

So this is a very great change and it all, I think, underlines this question about what sort of society we want to be. Now as you know there would be no place for Working Nation or One Nation in the Contract with America. There is no way our friends in the Republican Party, there, would have a bar of it because they say if you are out of work, bad luck. Bad luck, do your best and get moving.

But what that attitude and state of mind does is, I think, damn a lot of people to longterm unemployment. Their children grow up in the environment of their parents being longterm unemployed and it produces a sub-culture which is not only dispiriting and completely dismal for them, but starts then to erode the whole egalitarian ethos of the country and the social cohesion we have always had.

Employment in Australia has always been the way you got your hand on some of the national cake. And if you are not employed or you can't get a job, then those opportunities are denied to you. And we say that a target of 5 per cent unemployment is achievable. It means we have got to grow the

economy a bit faster than we would in the traditional structure. But with an Accord we can grow the economy faster than we would say in Western Europe or North America.

I mean you hear a few of my opponents talking about labour market reform, which is just code for cutting wages on the bottom end of the labour market. You look at America which has got an army of working poor on very low rates of pay, exceptionally low rates of pay, and yet the American speed limit is 2 1/2 per cent GDP growth. It has not made the American labour market more flexible. Or if it were to be more flexible, America could grow faster than 2 1/2 per cent. But it never does.

Yet we have been averaging around 4 per cent and we did this mostly through the 1980s and any country that is growing at 4 per cent a year is creating a lot of wealth and this economy of ours is \$500 billion of GDP, 4 per cent of that is \$20 billion. So there is \$20 billion of new value every year is being created and it helps Humpty Dumpty to stay together if there is \$20 billion out there of new real wealth being created.

Now there are bigger and smaller Humpty Dumpties all around the country we all know that. There are a couple of big Humpty Dumpties in this city. But the fact of the matter is we have got to have that sort of creation to get the economy moving.

Now I think it is worth pondering, we had the National Accounts out last week, and after 17 quarters of growth, we are now in our fifth year of consecutive growth and growing. For instance, in the year to September last year at 6 per cent, growing this year at 3.5 per cent. But, basically, around 4 per cent to 5 per cent you can say, on average, in these last three or four years. The Non-Farm GDP Deflator, the broadest measure of inflation. The one that is not messed up by weightings in the CPI basket, the broadest measure was 2.8 per cent in last week's National Accounts for the quarter. So after 17 quarters of growth and running at that speed and strength, we have still got inflation at 2.8 per cent in the broad, which is a mighty achievement.

Now there was a time, of course, when if you said things like 2.8 per cent, or 2 1/2 per cent inflation - we have been running between 1 1/2 per cent and 2 1/2 per cent really for the last three to four years. People are now getting a bit blasé about it. They shouldn't. Inflation is a scourge. It slows your economic growth, it pulls peoples' assets down, it wrecks their savings, it gives them big mortgages. But the reason we can run the economy faster is the Accord we have with the unions and, essentially, it is that essential undertaking: growth and employment growth for sensible wage outcomes.

The unions say give us growth and employment growth and we will give you sensible wage outcomes. Now we are getting, now, quite strong growth in real wages. But we are still protecting the inflation rate with good productivity growth coming from the enterprise bargaining system. So we have got a good strong economy on our hands. We have got good profits, good investment numbers around.

There is no reason why these strong employment rates can't stay up and if they stay up we have got to pull the longterm unemployed into it. We just can't take the new entrants - the school leavers, women joining the workforce, or rejoining it, or migrants - and just let the longterm unemployed people languish in the longterm pool of unemployment.

So that is why your Area Consultative Committees matter. That is why the link to business matters because if we can't get you interested and to know that you do end up as this chap this morning was telling us about his construction company that is getting a good class of trained people coming from longterm unemployed people. He is training them himself and then he knows that he has got tremendous loyalty from them in the firm and they are going on.

Now I know in these sorts of ventures people say oh well, you know, there is a bit altruism required here. But it is not altruism. There is a bit of good-spiritedness about it. There is a bit of compassion about it. But there is also a lot of efficiency about it and good sense because, obviously, we will never make the sort of growth rates we can and enjoy the sort of incomes we expect if a large part of the country's resources are either under employed, or unemployed.

So we are doing something for all of us if we get the longterm unemployed back to work and we are doing something particularly for them and we are making our society more cohesive.

Now the other day, my Tory opponents jumped all over me for talking about the rates of deaths in California amongst young people. And I read this chilling statistic in, I think it was, Time magazine saying that in California more young people die of gun shot wounds than die of car accidents and that is pretty frightening. The main reason for that is because under these crazy American laws, they let people carry guns around. But it is also part of the social malaise of unemployment and disillusionment and rejection. It is all out there and we don't want to see any of that cancer coming into the Australian society. I mean some of that malaise has been there with the longterm unemployed and as a society we have got to get in and do something about it.

Now Working Nation is the most valiant attempt ever been made in this country to deal with it and, as far as we know, while other countries - similar countries - are into labour market programs, none of them have quite got the innovation of Working Nation, we don't think, and we think we are a real show of building on that 25 per cent reduction in longterm unemployment since it was introduced and getting that down and making a very big difference into the way Australia functions and the fact that people can share in it.

Now the Government has taken a very big interest in regional Australia because now in some of the regions they are growing much faster than the capital cities. A lot of the employment opportunities are in some of the

regions. We are trying to get regional leadership, we are trying to give regions focus and, at the same time, we are trying, in that, to get a focus on longterm unemployment which is prone to be more difficult in the regions than in the cities. And we are very pleased that so many of you are from the regions of Australia and you have seen yourself committed and interested enough to be in it with us, to do something about it. Because the whole thing about One Nation is that we think of ourselves as one nation when we are all pulling together and it is not just programs for the capital cities, but for the provincial cities and the towns and the regions around the country as well.

So I would like to take this opportunity of thanking you for your interest in work and training and I think we all know that when we give these people training and work experience, even with a job subsidy, when the job subsidy finishes the retention rates we are getting are so encouraging that people are staying in the jobs and going on.

So we may well be able to fill those jobs which the labour market is requiring us to fill with employment growth. The main thing is we fill them by taking a good share of the longterm unemployed up into them as well. So we have some real fairness operating in the system and we have the sort of country that we have always believed Australia should be.

Anyway thank you very much for coming along today. Simon and I are delighted with the progress of it. Simon has done a great job with Working Nation, as Minister. He has got a great Secretary in Derek Volker and a great team in DEET. We are absolutely delighted with it and pleased as punch you can be involved with us.

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