

Senate EPA Committee
Additional Estimates 2012-13
Tabled by Senator Brandis
11/2/2013

PRIME MINISTER

CHECK AGAINST DELIVERY

**ADDRESS TO THE NATIONAL PRESS CLUB
CANBERRA
30TH JANUARY 2013
"THE WORK OF 2013"**

New years bring new reflections and new work to do.

So it is as we get down to business in 2013.

Today, I intend to do three things:

- To take stock of our nation's position;
- To outline the action needed to shape our future;
- To detail a plan for this year.

First, let's take stock.

Action begins with the evidence. So let's take a warts-and-all look at who we are today and the opportunities and risks which confront us.

We are a nation of 23 million people, whose median age is 37, an average which continues to rise.

Around four in five men and women will have children, and the average age of a mother when her first child is born is now 29 years.

We share the world's twelfth-largest economy, up from the fifteenth-largest under this Government, and the median wealth of Australians is among the highest in the world, ahead of nations like Japan, Italy, Belgium and the UK by a considerable margin.

Our travel time to work keeps getting longer: we know that in our biggest cities, the time spent travelling every week has increased by as much as an hour and a half in the past decade – as many as 1 in 6 workers spend more than an hour every day getting to and from their job.

The price we pay for electricity and gas has increased by 120 per cent in the last decade and 26 per cent in the last two years.

Despite low inflation and low interest rates, we still feel these pressures on living standards.

Superannuation returns are only just beginning to recover from the hit delivered by the Global Financial Crisis. Capital city housing prices have not grown at all in the past twelve to eighteen months, compared to the average yearly gains of eight to ten per cent in the years before the GFC.

These two impacts have us worried that our dreams of financial security are harder to achieve than ever before.

Today, we save over 10 per cent of household income. In the years before the GFC, we used to save nothing as a nation.

It was a phase that could not last – but unsurprisingly, many Australians miss those days when they could spend all of their income, see wealth increase through ever-rising house prices, and through easy credit, borrow against the house again to spend more.

We have seen 9/11 and the Iraq war, we fight still in Afghanistan, we are living through climate change, through the aftermath of the biggest economic meltdown since the Great Depression and through an economic and strategic re-ordering from West to East as well as the upheaval of the Arab Spring.

While an Australian is four times less likely to be a victim of homicide than is an American, some communities are understandably concerned about crime and cohesion.

We get our information and connect with each other in new ways. Australians use 16.2 million mobile phones, 3.5 million iPads or tablets – a number expected to double this year – and we have 11.7 million Facebook accounts.

What does all this mean?

It means it can be a struggle to make ends meet and it can seem far harder to get ahead in the post-GFC world.

It means we are more likely than earlier generations to face the challenges of parenting and caring for older parents at the same time.

Combined with the travel time to work and, for some, concern about community safety, life can be very stressed and pressurised.

Through all this, we are more connected with information about world events and causes of community anxiety than ever before.

Over time, the uncertainties and pressures we live with have led some of us to be concerned that our children won't live a better life than us.

I want this audience to feel all the force of that concern.

I most certainly do.

These are complicated facts, driving big changes – in family life and in society as a whole. My stock-taking tells me this:

Australia is a great country with a smart, hardworking people.

We face ever-changing, ever-new challenges and opportunities in a fast-changing world.

Our future is never assured, shaping it is up to us.

In the real world, "real solutions" means understanding the modern world, developing serious policies ... and offering detailed costings.

That is the only way to build a nation's future.

We enter 2013 with more strength to shape our future than anyone else in the world.

While our world has risks, we live in peace and security at home, and we have a comprehensive strategy for our future national security, which I delivered last week.

While the strategic order of the world is changing, we have accrued new opportunities and new respect as we move on to the United Nations Security Council and prepare to host the premier economic forum of the world, the G20.

We are a democracy with our squabbles and contests but above all with an inherent strength that is served by quality institutions.

As we live through climate change, we've done, painfully but for good, the single biggest thing we need to in order to reduce carbon pollution – pricing carbon.

As our nation ages, we are modernising our health care, aged care and retirement incomes policies.

As the global economy still splutters, unlike the rest of the world, we have managed our economy so we have low inflation, low interest rates, low unemployment, solid growth, strong public finances and a triple-A rating with a stable outlook from all three of the major ratings agencies.

We live in the economically strengthening region of the world and we have a clear plan to make sure Australia taps in to this growth in Asia and enjoys the opportunities it brings.

As a generation of Australians, our greatest task, our highest calling, is to build a future of greater shared opportunity and less risk for the next generation.

I want to eradicate any sense we can't get this done.

As a nation, we are strong, fair by instinct, smart.

I know that we have it within us to ensure the next generation of Australians is stronger, fairer, smarter.

I am an optimist; everything we have achieved as a nation reinforces that optimism, everything we are planning delivers on it.

This is the central work of government – leveraging our strengths, addressing risks, implementing our plans, shaping our future, delivering security and certainty.

Today, I will outline my approach to this work of governing, my approach to delivering jobs, opportunity and fairness and meeting the needs of families feeling the weight of modern pressures.

Both for the creation of jobs today and to shape a future of prosperity and shared opportunity, we have to manage our economy well.

We have done this well so far with more than 836,000 jobs created during the worst of economic times. More than 836,000 ways in which we have reaffirmed that for our Labor Government nothing matters more than the jobs of working people.

That belief will guide us and drive us as our nation now faces up to further challenges: specific challenges to our economic diversity and competitiveness – as well as a revenue challenge.

At the intersection of my concern about economic diversity and competitiveness is the strength of the dollar.

Our dollar has appreciated around sixty per cent in the last three years.

Economic orthodoxy prescribes that falling terms of trade and falling interest rates will result in a fall in the value of a currency.

But even though our terms of trade peaked around fifteen months ago and interest rates have been falling, our dollar is now actually higher.

Consequently, we have to have a plan which can withstand the possibility of a persistently strong dollar into the future – not simply rely on the economic assumption that our dollar will fall.

This is critical because over the coming year or two we expect to move beyond the peak of the investment phase of the mining boom.

Before any one is tempted to construe this as me saying the mining boom will end in eighteen months' time, let me be clear that beyond this point mining investment will remain historically high for some time, while a sustained higher level of production will deliver enduring incomes and export returns for our nation for years.

But when the peak of the investment boom is behind us, associated as it is with peak demand for labour as huge ventures are built, we will see slowing jobs growth in the resources sector.

Ordinarily, economists would tell you this change, bringing with it a lessening of demand for capital, would be associated with a reduction in the Australian dollar that would assist export exposed industries like manufacturing, tourism and services that are exported, like education. This would enable these industries to grow jobs faster, offsetting slower jobs growth in resources.

However, just as the dollar's strength has persisted in this period of declining terms of trade and interest rates, we need to be prepared if it persists despite a lessening of demand for capital.

The economic diversity and competitiveness pressures our nation faces now, because of our strong dollar and the huge boom we've had in mining investment, may well persist even though economic orthodoxy would predict their lessening.

We cannot control a number of factors that have kept our dollar strong: like the weakness in the global economy, the close-to-zero interest rates of many nations and the increasing view that Australia is something of a safe haven.

Where we can make a difference is to other factors that matter for competitiveness and economic diversity.

So we can and must focus on increasing skills, building a national culture of innovation, rolling out the national broadband network, investing in infrastructure, improving regulation and leveraging our proximity to and knowledge of a rising Asia into a competitive advantage.

These are the five pillars this Government has identified as key to increasing jobs, prosperity and productivity.

We can also make a difference to the diversity of our economy through industry-specific plans.

I am determined that we will always do everything to support jobs and growth in our nation, to give individuals and families the best chance to build a life and get ahead.

Conventional economic forecasts are also being severely tested by the persistence of relatively low government revenue.

What we know for a fact is this: in Australia, revenue to government for every unit of GDP has been at its lowest since the recession of the early 1990s.

In other words, for a given amount of economic income generated, less money is finishing in the public purse, to be used for the Australian people.

We are experiencing a proportional reduction in the amount of revenue being generated from any given amount of economic income.

This is part of a trend which is felt worldwide.

Now, the immediate effect of this was made clear by the Deputy Prime Minister last December.

While within our medium-term fiscal strategy, spending is tightly constrained, the amount of tax collected from all sources – particularly from company tax – is significantly lower than independent forecasters or the Treasury have anticipated.

Compared to the public revenue which was forecast on the eve of the global financial crisis in 2008, what has actually been collected in tax since is far lower – on average, lower by more than thirty billion dollars every year.

Even compared to what was forecast once the worst of the global financial crisis had passed, annual revenue is tens of billions of dollars below what was expected.

There are domestic and global factors at work.

The domestic factors include our nation being in the investment phase of the mining boom, not its peak production phase; the new savings and consumption approach of families; the slowdown in capital gains; and the lack of profitability of many firms in trade exposed areas due to the high dollar.

Some of these factors are cyclical, some will be longer lived.

A number of these have their sources in global events and there are other global factors at work.

For instance, we see more genuine competitive movement of capital and of profit centres to seek the highest private returns than there has ever been; although, as the Assistant Treasurer has noted, some of the movement does look like it is about movement of the accounting of capital and profit.

This is an area where the G20, which Australia will chair next year, can and should find a fruitful agenda and we will be using our special status to get this done.

With pressure on revenue, it is the wrong time to be spending without outlining long-term savings strategies which show what will be foregone in order to fund the new expenditure.

Put another way, we are in an era when new structural calls on the Budget need to be associated with new structural savings.

This is the approach the Government will take as we make sure every child gets a great education and every Australian can live with the greater peace of mind that comes with knowing that if they or someone in their family become profoundly disabled they will get a fair chance and a fair deal.

I am determined that every child in this country gets the chance at life that can only come if he or she gets a world class education. I believe in this as a moral cause – a crusade – but I also believe that our future prosperity is inextricably linked to us winning the education race.

I will fight to get this done.

At the same time, as modern medicine saves the lives of more people who in earlier ages would have died, our modern nation must be able to provide those who then live with disabilities with decency and respect.

I will fight to get this done.

As we build a future of jobs, opportunity, fairness, I am determined to support modern families as they cope with the pressure of modern life.

Indeed we can't be at our strongest as a nation unless we help families be at their strongest.

Australians, overwhelmingly, are people who work hard and show personal responsibility.

They want government to work with them as they live their modern, busy, pressurised lives.

Whether it is dads wanting paid parental leave to spend time with their new child, teenagers being supported to stay on at school, steps to counter the scourge of cyber bullying, women wanting a Government that understands their lives and respects their choices, older Australians wanting dignity and real choices about their care, or communities asking for new approaches to community safety, I will always be determined to modernise government to better meet those needs.

Spreading jobs, opportunity, fairness.

Helping modern families with modern pressures.

Delivering security and certainty for the nation.

This is the work of government. This is the work of 2013.

First: in coming weeks, the Government will release our Industry and Innovation Statement.

The Statement will lay out our plan to secure jobs in Australia.

It also forms our response to last year's report of my Taskforce on Manufacturing.

Backing Australian firms to win work at home, win business abroad, and create new jobs and growth, above all through co-operative innovation, through firms and employees, researchers and governments all working smarter together.

Second: In the lead up to and in the Budget we will announce substantial new structural savings that will maintain the sustainability of the Budget and make room for key Labor priorities.

Our record of cutting wasteful programs, in line with our Labor values and purpose, is already strong.

The dependent spouse tax offset, the tax breaks for golden handshakes, tax concessions on super for high income earners, the millionaires' dental scheme and fringe benefits loopholes for executives living away from home all gone.

The private health insurance rebate is means-tested: something many said could never be achieved.

This year we will make the tough, necessary decisions to ensure our medium-term fiscal strategy is delivered, and our centrepiece plans for Australian children and Australians with disability are funded, in this new low-revenue environment.

Third: I will put to April's Council of Australian Governments the critical decisions to implement the National Plan for School Improvement: quality teaching and learning, power for principals, new transparency on results and in return, the future funding arrangements which will meet the needs of every student.

Across all our schools, over more than a decade, we have been slipping behind the education standards of the region and the world.

Changing that is the crusade which defines this term of my Prime Ministership.

Then in May, the Budget will set the fiscal and economic course for the coming four years and beyond.

Strong modern families can only thrive in a strong modern economy. Fairness can only be funded through economic strength.

On 1 July, we launch the National Disability Insurance Scheme.

The National Disability Insurance Scheme Launch Transition Agency will be operating the first stage of the scheme in five locations around the nation.

Like Medicare and universal superannuation, a smart policy to make us a fairer nation; like fair pay and the aged pension, a model of Labor's vision for Australian society.

This is the plan for 2013.

A plan to govern.

A plan to deliver for modern families.

A plan for certainty and security.

A plan to take the right decisions now to build a stronger, fairer and smarter future.

A future of shared opportunity, where those given the hardest starts in life can still rise to the greatest heights and those who work hard can still get ahead.

A future where risk is shared as well, where those hit with life's cruellest blows get the help they need.

A future in which our nation puts aside yesterday's squabbles and unites to share the work of today.

In a world of many risks, our future is not assured.

Time is not for wasting.

And so, decisions have to be made about how we use our time this year.

We must get on with the business of governing and an election must be held.

In that order.

Governing first, electioneering second.

In 2012, the patience of Australians was tried by months of boiling hot political debate, with most of it – somewhat ironically – about global warming.

In 2013, I am determined their patience is not tried again. That policies and plans are at the centre of our national discourse.

The principal concern of Australians isn't what a day in 2013 means for the politics or timing of the election campaign, but what it means for the life of the nation.

What does it mean for their job, their family, their future?

Not everything about the tenor and temperature of debate this year is in my control.

But I can act to clear away the carry-on that comes with speculation about when the election will be held.

And I can act to create an environment in which the nation's eyes are more easily focussed on the policies not the petty politics.

I can act so Australia's Parliament and Government serves their full three-year term and it is clear and certain when the election will be held.

So I today announce that later this year, I will advise the Governor-General to dissolve the House of Representatives with writs to be issued on Monday the 12th of August for an election for the House and half of the Senate, to be held on Saturday the 14th of September.

I do not do so to start the nation's longest election campaign. Quite the opposite, it should be clear to all which are the days of governing and which are the days of campaigning.

Announcing the election date now enables individuals and business, investors and consumers, to plan their year.

But the benefit of fixing the date now is not just the end of speculation about election timing.

It gives shape and order to the year and enables it to be one not of fevered campaigning, but of cool and reasoned deliberation.

Not a year without passion, because elections are the time in our national life when values should contend, when alternate plans can be compared and considered.

No surprises also means no excuses.

Australians aren't interested in campaigns without content, platitudes devoid of purpose.

There is now clearly the time and certainty necessary for the people and parties contesting the election to lay out their fully detailed, costed plans for the timely consideration of voters.

There's plenty for this Government to be getting on with – plenty of work to do for our nation.

I will devote the days of governing to that work and then, at the time now fixed, to asking the Australian people to endorse my plan to keep building a strong, fair, smart nation.

I'm looking forward to all of it, and I look forward to your questions about it all.

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