



OFFICE OF THE PRIME MINISTER  
CANBERRA

**One year on from the crisis: economic and social policy challenges for Australia**

**Sambell Oration address to the Brotherhood of St Laurence**

**Melbourne**

**15 October 2009**

I acknowledge the First Australians on whose land we meet, and whose cultures we celebrate as among the oldest continuing cultures in human history.

It is an honour tonight to be the first Prime Minister to deliver the Sambell Oration.

It is an honour because as Prime Minister I wish to publicly recognise the work of the Brotherhood of St Laurence in the pursuit of social justice in Australia for more than three quarters of a century.

I would like in particular to pay public tribute to the work of Gerard Kennedy Tucker, the founder of the Brotherhood of St Laurence and Community Aid Abroad - and Geoffrey Sambell, who led the Brotherhood in exemplary and visionary fashion from 1954 to 1969.

In Australia's pantheon of community leaders, we would be hard pressed to find a man of greater tenacity and commitment than Tucker. He was one of Australia's pre-eminent Christian social activists and his life was a living sermon of faith in action.

His compassion was forged on the battlefields of the First World War in France, where as a young chaplain he buried almost 1000 men, writing to the next of kin of each of them, sending the last messages and any personal belongings he had been able to salvage back home.

For an ordinary mortal, a task like that would leave you shattered, hard-bitten and cynical - but not Tucker.

In the years that followed, he led a crusade against poverty, joblessness and the hopelessness brought on by the Great Depression.

When he established the Brotherhood, with just four men in Adamstown NSW in December 1930, Australia was in the grip of Depression and the Brotherhood literally had nothing but a dilapidated second-hand Chevrolet.

He had a faith that in reaching out to help the destitute and the homeless, he was doing God's work. And so God would provide the resources he needed.

So with nothing more than three promotional films, he hit the road to raise support.

Not that he was too heavenly minded about it.

He recognised a sharp publicity angle when he found it.

So when Premier Thomas Hollway said he was too busy to view the films, Tucker began promoting them as "the films the Premier dare not see" - bringing many more people to see them, and raising more funds for the cause.

And so began one of the most respected and effective community organisations in this country.

Tucker made an outstanding contribution to Australian life but he never had much interest in the accolades he was given in recognition of his.

There's a great story of how, after he moved house in 1959, someone found an OBE in the rubbish he left behind - an OBE awarded three years before for his services to the community.

It wasn't out of disrespect he'd disregarded it - it just didn't matter to him.

Tucker was a man of self-sacrifice, not self-glorification, but his achievements by any measure merited the highest national honour.

Geoffrey Sambell built on this legacy in the years that followed.

Under his leadership, the BSL was the first voluntary organisation to employ a professional social worker.

He fostered integration between various disciplines - law, psychology, social studies and theology.

And he would be especially proud today of the Brotherhood's strong partnership with Melbourne University - which builds on the work done years ago to develop the Henderson poverty line, and which now brings together the research capacity of the University with the applied policy and service delivery experience of the Brotherhood.

Central to each of the initiatives the Government is taking to build a fairer Australia is our own partnership with the third sector and organisations like the Brotherhood of St Laurence.

These are organisations that so often carry the burden of caring for the people left on the margins of what can sometimes be a brutal and inhumane modern economy.

Here at the Brotherhood, Tony Nicholson has made an outstanding contribution to the work the Government has undertaken in the past two years.

We greatly value his work on homelessness - chairing the Australian Government's Steering Group for the development of the White Paper on Homelessness last year, and now chairing the inaugural Prime Minister's Council on Homelessness.

We value also his work on the Government's Social Inclusion Board.

And as well, his participation with Lindsay Fox and Bill Kelty in the Keep Australia Working forums - engaging local employers, unions and community groups around the nation to maximise jobs and training opportunities for communities most vulnerable to the global downturn.

Tony Nicholson is a great Australian, working for a great Australian institution.

He has strong views, but he doesn't just sit back and criticise. Nor does he throw up his hands when things are tough.

Instead, he rolls up his sleeves, looks at the evidence, and works out solutions that deliver results for people in desperate need - an approach that characterises the whole staff and volunteer team at the BSL.

On behalf of all Australians, thank you, and the BSL, for your outstanding work in the continuing cause of social justice for all Australians.

Of course, social justice is an almost impossible mission in the absence of a strong economy.

A strong economy generates the resources necessary to build equality of opportunity for all Australians, and to build a sufficient safety net to support with dignity those Australians who cannot support themselves.

The truth is the strength of our economy has in recent times been fundamentally threatened by the impact of the global financial crisis.

This crisis has generated the single greatest global economic downturn since the Great Depression. Not only a financial crisis, but also an employment crisis, and in many communities, a social crisis as well.

We gather tonight exactly one year to the day since I went before the Australian people on national television to outline the Government's emergency response to the global crisis.

12 months ago, the global financial system was on the precipice.

We were looking into the abyss of the total failure of the global financial system, the collapse of the global economy and the real possibility of a global Depression of indefinite severity and duration.

The inter-bank lending markets that turn the wheels of the global financial system had effectively shut down.

The world's largest insurance company, America's fourth-largest investment bank and the world's largest providers of housing finance were either bankrupted or bailed out.

More than 40 major banks around the world encountered the same fate. Entire banking systems needed to be rescued, recapitalised or nationalised.

The financial crisis was on a scale unseen since the 1930s.

One year later, as a result of the direct and decisive interventions by government, we have pulled back from the brink.

We have been through the sharpest contractions in global output in 75 years. An estimated 60 million people are still expected to lose their jobs in the developed world this year.

The global recession has reversed progress towards reducing poverty in developing nations around the world, and the global economy faces a long, difficult and uneven recovery.

But through the coordinated agency of governments around the world, steeled by the history of the Great Depression and the failure of governments then to rise to the challenge that was before them, today the governments of the world have managed to avoid global financial and economic collapse.

Through the collective agency of the G-20, governments throughout the world, central banks and regulatory agencies have worked together with unprecedented coordination to restore confidence and stability to global finance and the global economy.

In Australia, as the crisis unfolded fully one year ago, we brought together the nation's most senior economic officials around the Cabinet table.

We had just one clear goal: to do everything we could to cushion our economy from the full impact of a global economic cyclone by saving and supporting the jobs of working families around Australia.

Tonight, around the world there are tens of millions of families who have lost their jobs, lost their businesses, lost their homes and lost hope because of a crisis which was not of their own making, millions of working people around the world who, because of unrestrained and unregulated greed in financial markets, have been thrown out onto the streets.

If you want a definition of social injustice, this is it in living, brutal colour - millions of innocent workers losing their jobs because a few thousand financial executives around the world surrendered any pretence of social responsibility in their blind pursuit of absolute greed.

When this global financial crisis spread across the world, the Government knew Australia would not be immune. The Government knew we had a responsibility to protect working Australians and their families. The Government knew we had to act - and to act quickly.

So as the storms of the global financial crisis bore down upon Australia, the Government set out to build the strongest defences possible.

First, the Government guaranteed the savings in every Australian deposit account to underpin confidence and to prevent the run on the banks that we had seen around the world.

Second, the Government guaranteed inter-bank lending when credit flows ground to a complete halt, threatening to send good businesses to the wall.

Third, the Government provided three economic stimulus packages.

In the short term, the Government stimulated the economy with rapid cash stimulus to families, pensioners and low income earners, as well as a boost for first home buyers and an investment tax break for small businesses.

Over the medium term, the Government began investing in nation-building economic infrastructure - creating jobs today for people in every town and every suburb across the country while also creating the infrastructure our country needs for tomorrow.

This includes:

- the biggest single investment in social housing in Australia's history;
- the biggest single investment in domestic energy efficiency in Australian history;
- the biggest school modernisation program in Australia's history, including:
  - state of the art libraries;
  - state of the art science centres;
  - state of the art language centres;

- multi-purpose halls for schools and communities who at present may have no place to meet, and
- state of the art classroom modernisation.

And over the longer term, nation-building infrastructure investments in rail, roads, ports, hospitals, universities, research institutes, clean energy projects and a national broadband network.

Finally, the Government has also invested in our Jobs and Training Compact - a detailed strategy to tackle unemployment in local communities launched with the Brotherhood five months ago in Narre Warren - to make a further difference to communities where unemployment was rising fastest.

These are the three core pillars of our economic intervention strategy: stabilising our financial system; supporting real jobs in the real economy through our infrastructure stimulus strategy; and further, a local skills, training and employment strategy to support those who have lost their jobs or who have been unable to enter the workforce.

This has been our strategy, and the strategy has been effective - effective so far in keeping Australia out of recession, the only advanced economy to do so.

Of course some said we were doing too much. Some said we were acting too fast. Some said we were doing the wrong things.

They said we should wait and see how bad things would get before taking action. They said we should keep our powder dry, and then presumably try to clean up the economic and social wreckage later, once the storm had ripped through the place.

The Government fundamentally disagreed with this do-nothing approach.

The Government decided to act immediately, decisively and without apology.

We weren't going to wait for a run on the banks as occurred in other countries when people panicked.

We weren't going to stand idly by while good businesses shut their doors because they were starved of credit.

We weren't going to wait until jobless numbers soared towards one million.

We weren't going to wait until the unemployment queues began snaking around the block outside every Centrelink Office.

Remember, this was the course of action advocated by our opponents.

Losing your job can be a crushing experience, personally, physically, psychologically and of course financially. Large scale unemployment also further undermines economic growth, prolongs the downturn, delays the recovery, and results in greater public borrowing as tax revenues collapse and unemployment benefits go through the roof.

That's why when this crisis hit, the Government was determined we would do all we could to protect Australian jobs from the global recession they did not cause.

And the result? Australia is doing better than other countries, with the strongest economic growth, the second lowest unemployment, the lowest debt and lowest deficit of all the Major Advanced Economies - and the only one not to go into recession.

We have achieved this through conservative economic management, expanding the role of government while the private sector is in retreat, and reducing the role of government as the private sector recovers.

And we have achieved this while maintaining strong Government finances - keeping our AAA Credit rating, our borrowings the lowest of the Major Advanced

Economies and with a clear plan to return the budget to surplus as the economy recovers.

Neither I nor the Australian Government like debt. Nobody does.

But this was necessary to keep our economy going, necessary to prevent hundreds of thousands of Australians losing their jobs; and necessary to keep the economy from falling into recession.

And in their more honest moments, our political opponents have said they would have deployed 95 per cent of the Government's borrowings had they been in office.

With the economy starting to show signs of recovery, the Government's stimulus has already started to phase out - as it was designed to do. By the end of this financial year, two thirds of the total stimulus will have been spent.

The infrastructure stimulus which remains will continue to support jobs, tradies and small businesses until our economy fully recovers.

We must however keep a weather eye on the global economy where recovery is far from certain, and where economists still point to the possibility of a double dip recession. That is why, as the Treasurer has said repeatedly, we will continue to calibrate our fiscal settings, informed by changing economic circumstances, to ensure they are appropriate for emerging macroeconomic conditions.

That is why calls to end the stimulus are so irresponsible.

There are still uncertainties remaining in the global economy. Treasury has estimated that to entirely remove the fiscal support from the economy at once, would reduce growth by 2.5 per cent in 2010.

Australia has managed the crisis well, and the Government has done so in response to the best Treasury advice.

So, too, must Australia manage the recovery well, and once again the Government will do so in response to the best Treasury advice - managing the coordinated exit from the extraordinary fiscal and monetary policy settings and financial market interventions that were demanded by the crisis, but doing so in a manner that does not pull the rug from under the recovery.

And furthermore, continuing to implement the most far-reaching microeconomic reform program in skills, infrastructure, tax, competition policy and regulation, to maximise Australia's long-term global economic competitiveness.

Many, many Australians have been doing it tough through this crisis, and while we've been fighting the global recession here in Australia, we've also been moving ahead with a long-term strategy to build both a stronger and a fairer Australia:

- Introducing paid parental leave;
- Tackling the challenges facing our health and hospitals system;
- Tackling the scourge of homelessness;
- Implementing the largest reform of our age pension in one hundred years;
- Taking action to close the gap on Indigenous disadvantage.

And in addition to these nationwide social reforms, also targeting pockets of entrenched disadvantage across our community.

A few weeks ago, in discussing recent Australian economic history at Paul Kelly's book launch, I said that I do not believe that in Australia you can successfully advance an economic reform agenda without a complementary agenda for social reform.

In the long term, the goals of building a stronger economy and a fairer society are not in conflict.

We should not have to choose between faster growth and a fairer society, because unless the economic reform that underpins growth delivers benefits to the whole society, it won't have society's support and the momentum for reform will fall away.

Equally, unless we make a priority of tackling entrenched social disadvantage, our economy will be weaker, not stronger, because inequality and disadvantage contribute to poorer educational results, lower productivity, worse health outcomes, shorter working lives and lower workforce participation.

That's why the Government's agenda for building a stronger economy goes hand in hand with building a fairer society.

Lifting the quality of education in our most disadvantaged schools, mandatory school testing, transparent reporting of school results, lifting teacher quality - all delivering the long-run payoff of higher school retention rates, leading to higher productivity and workforce participation in the long term.

Likewise, advancing the preventative health agenda and tackling chronic disease will build a healthier workforce that will stay actively participating in work for longer.

As many in this room know from first hand experience, it is not easy tackling the complex challenges of closing the gap on Indigenous disadvantage, halving homelessness, or supporting families and building more resilient communities where there's been years of multiple disadvantage.

These reforms are not a simple replication of classical Left demands for infinitely greater public spending. Nor are they about neo-liberal claims that the only good state is a non-existent state (except of course when the state is called upon to rescue capitalism from itself).

No, the challenge of the responsible reforming centre of Australian politics is to harness personal responsibility with the support of the enabling state. To equip disadvantaged Australians with the capacity over time to take responsibility for their own lives, and to do so with programs which harness the combined resources and commitment of governments working wherever possible in creative partnership with the community sector and the private sector.

None of this is easy. If it was, it would all have been done long before now. The truth is it's hard - very hard.

But that's why it's worth doing - because the results are worthwhile.

Not pretending, and not putting it all into the too hard basket, but instead, rolling our sleeves up and having a go.

This long-term agenda of economic and social reform lies at the heart of the Government's vision for a stronger and fairer Australia.

After the Government came to office almost two years ago, we outlined our agenda to tackle the long-term causes of social disadvantage in Australia. We outlined our goal for all Australians to be able to participate fully in our nation's economic, social and community life.

This means more than just providing income support. It means that in tackling entrenched disadvantage in communities, we must act on:

- the skills people have;
- their family relationships;
- the amenities available in their communities;
- their opportunity to participate in work;
- their readiness for work or training; and
- the need to allow people to take responsibility for their own choices.

Analysis of the recent Australian Bureau of Statistics General Social Survey suggests that around 5 per cent of Australians experience multiple disadvantages. Such disadvantage includes low income and assets, low skills, difficulty finding and keeping a job, housing stress, poor health and lack of services. It can also include substance misuse, mental illness, disability, family violence, discrimination and homelessness.

As a community, we all pay a price when people are excluded from the mainstream of economic and social life. Social disadvantage results in:

- costs to the Budget through:
- increased health expenditures on preventable chronic disease and mental illness;
- increased provision of cash support to those who are unable to work;
- increased costs for policing, the courts and corrective services;
- costs to the economy through lost productivity and workforce participation, and
- costs to communities where disadvantage becomes entrenched and social isolation ensues.

In their recent book *The Spirit Level*, Richard Wilkinson and Kate Pickett argue that those nations committed to greater fairness do better on almost every major indicator of social and economic life. In other words, it is to the benefit of all Australians, not just disadvantaged Australians, that we do the hard work of tackling entrenched disadvantage.

In confronting this challenge, the Government has adopted a set of guiding Social Inclusion Principles with the aim of:

- increasing social, civic and economic participation;
- giving individuals a greater voice, and
- giving individuals greater responsibility.

These principles are now helping shape policy development and policy implementation across government.

The Government is working on a long-term blueprint for a more effective and integrated approach to tackling disadvantage, taking into account all the different ways that disadvantaged Australians interact with governments.

And with a long-term vision that an Australian child born today can hope for better health outcomes in the future; access to quality early learning; a better chance of success at school and beyond school; gaining better paid work, and contributing to their local community.

We all know that joblessness is at the heart of entrenched disadvantage.

That's why the Government has worked so hard to avoid a repeat of the early '90s, when a generation of young Australians was cast out to the fringes of the labour market through years of unemployment.

As Professor Tony Vinson found in his report *Dropping Off the Edge*, when you go to the 3 per cent of local communities where people are living with entrenched disadvantage, you find:

- double the national unemployment rate;
- more than double the rate of long-term unemployment;
- almost double the rate of disability support and psychiatric admissions and criminal convictions;
- almost three times the rate of imprisonment; and
- more than three times the proportion of confirmed child maltreatment than other remaining localities.

That's why this year we appointed local employment coordinators in 20 priority regions across Australia - working with local businesses, unions, community

organisations, schools, training providers and job services to maximise training and employment opportunities -- including through the Jobs Fund.

Those coordinators are on the ground, bringing local communities together and helping to link individual job seekers with employment opportunities.

Young people are particularly at risk during a period of rising joblessness. That is why we implemented the Compact with Young Australians, which guarantees young Australians a place at study or in work.

That's why we also implemented a Compact with Retrenched Workers to support those Australians who have lost their jobs in recent months - helping more than 28,000 retrenched workers to receive immediate advice and access to employment services. And that's why we implemented a Compact with Local Communities, supported by our network of Local Employment Coordinators.

All three make up our Jobs and Training Compact for all Australians in response to the global economic crisis.

Tonight I'd like to announce new measures the Australian Government will be taking to tackle social disadvantage - both aimed at enhancing personal responsibility, both to be delivered in partnership with the community sector and the private sector.

Both therefore bringing together the framework of social reform I have outlined this evening - one aimed at breaking welfare dependency, building personal responsibility and resilience, and delivered through the non-government sector, thereby liberating them from the often less flexible delivery systems of the state itself.

Through Jenny Macklin's portfolio we will be providing \$33 million in support for two innovative partnership schemes.

The first of these, with the Brotherhood of St Laurence, involves the SaverPlus scheme that helps low income Australians save for an education-related goal.

BSL has developed this scheme in partnership with the ANZ Bank, which has provided matching savings and loan capital, and the use of its banking infrastructure and expertise.

It is a scheme with runs on the board. An evaluation of the SaverPlus scheme by RMIT has showed that two to three years after completing the scheme, 70 per cent of participants are still saving at the same rate.

To support and expand the coverage of the SaverPlus matched savings scheme, the Commonwealth will commit \$14.5 million to employ SaverPlus project workers in 60 communities, reaching up to 7,600 people, with financial education as a compulsory component of the program. We will also be supporting a pilot of a market interest rate loan product for people who have otherwise been excluded from mainstream credit, called Progress Loans.

The second scheme the Government will be supporting is the No Interest Loan Scheme (NILS) conducted by Good Shepherd Youth and Family Services.

Through this scheme since 1980, Good Shepherd has provided thousands of vulnerable Australians with the opportunity to purchase essential household items, such as fridges and washing machines. At the same time, the scheme connects loan applicants with services to assist them, irrespective of whether they are awarded a loan.

The scheme's repayment rates of around 97 per cent speak volumes for the commitment of the participants to do the right thing and for the robustness of the scheme.

The Australian Government will be investing \$18.5 million in this scheme, to support Good Shepherd conducting 22,000 financial consultations in up to 350 locations, and facilitating an additional 7,200 loans. In addition, Good Shepherd's Step Up and Adds Up programs will provide low interest and matched savings opportunities for people on low incomes.

I acknowledge the important contribution of the National Australia Bank (NAB) to Good Shepherd's work, providing loan and matching capital, as well as logistical support.

These initiatives are an important part of our response to the global recession and its impact on Australians who have been doing it tough, and they are good examples of two of our major banks fulfilling their social contract and supporting financial resilience in communities across Australia.

To tackle all of these challenges effectively, we must all work together.

This Government is dedicated to building a stronger Australia, a fairer Australia, and an Australia with its sleeves rolled up ready to tackle the challenges of the long-term future. That is why the Government's relationship with the community sector is so important.

In the relationship between the Government and the community sector, may the Government embody a new philosophy in which:

- the era of partisanship is over, and
- the age of partnership has arrived.

This Government is planning to reflect this partnership soon in a new national compact -- a compact between the Australian Government and the not for profit sector, outlining how we will work together to improve and strengthen our relationship, now and into the future.

In Australia we have a unique opportunity as we emerge from the global recession to develop a national vision for a stronger and fairer Australia.

We are just emerging from the worst global recession since the Great Depression. As a government, we believe we learnt something from the lessons of the Great Depression.

As an institution, the BSL was born out of the human scars of the Great Depression. We are therefore both steeled by our historical experience, informed by the appalling economic and social cost that comes with global crisis, and thus fortified in dealing with the challenges of the future, and now we both face the new challenges of a new century - modern challenges which nonetheless call forth ancient values. Ancient values grounded equally in individual freedom and compassion for all.

To paraphrase author Paul Kelly, beyond being a nation of 'hard heads' and 'soft hearts' - what we most need now is 'capable hands'.

To renew the great Australian commitment to the fair go.

A fair go for all.

A fair go for the 21st century.

A stronger and fairer Australia for the 21st century.