**ADDRESS, AUSTRALIA-ISRAEL CHAMBER OF COMMERCE**

Australian Prime Minister Scott Morrison

Prime Minister of Australia

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Prime Minister: It is great to be at a function where there are so many people in this country who can come together in the way that Solly has just mentioned. Thank you so much, Solly, for that very warm, welcome and introduction. It is tremendous to be here with so many of you here today.

Can I begin by acknowledging the traditional owners of the land on which we meet, the Bunurong and Wurundjeri people of the Kulin nation and pay my respects to elders past, present and emerging.

Can I also acknowledge , as I always do, any men and women here who have served our nation in our defence forces and now are veterans, or those who have served us and are continuing in our defence forces and thank you for that service to your country.

Can I thank Leon Kempler, whose energy is inexhaustible and for his great work here as Chairman of the Australia-Israel Chamber of Commerce. It is wonderful to be back here amongst so many friends.

Soloman Lew, Solly, you’re a great Australian who has done amazing things for our country and your generosity today is incredibly humbling.

To Ron Gerstenfeld, Israel’s Deputy Head of Mission, to Shai Zarivatch, Israel’s Trade Commissioner.

Of course, to my parliamentary colleagues. I begin with the one who is not here today, because as Sol said, he is there working hard putting the finishing touches on the Budget. Josh Frydenberg, you may know him, you may have come in contact with him at least 100,000 times in the last few years, as I joked at the United Israel Appeal event last week and there will be quite a number of you who are in text communication with him even as I speak. Say hi to him from me, if you’re currently doing that. Josh, you’re doing a wonderful job, mate, and I know you'll be back here next week at the end of next week to be talking about the budget you'll be bringing down.

To Jane Hume, Minister for Superannuation, Financial Services and the Digital Economy. To Stuart Robert, who is the Minister for Employment, Workforce, Skills, Small and Family Business. To Katie Allen, the Member for Higgins, one of our great recruits at that last election, and a team of stunning new members of Parliament to come in, of which Katie stands, I think, very tall.

Before I go much further, though, can I also deal with two important matters of business for the Australia-Israel Chamber. First, in acknowledging Mark Leibler, can I also mark the sad passing of Isi Leibler. I met Isi many years ago in Jerusalem and he was an amazing Australian and he was an amazing world leader of the Jewish community and his loss is a great one, a great one. And we pay our respects to him, Mark, and to the entire Leibler family.

But as I was talking to Mark as we came up, I thought there was something I should put to rest. Not that it should come as a surprise from me and my Government, but in 2009 and 2011, we did not attend the Durban Declaration meetings. We will not be attending them going forward. Our position is unchanged, a position that successive Coalition and Labor governments have reinforced since 2001. We will not associate Australia with one-sided and contentious language that singles out Israel or an event that champions such language. This is entirely consistent with my Government's very strong voting position on UN General Assembly resolutions in the Human Rights Council and elsewhere. We will continue that same approach to Durban for later this year. As I said at the Sydney Institute in December 2018, I do not accept that anti-Semitism, cloaked in the language of human rights, serves any justified purpose nor the cause of peace. Just in case anyone was in any doubt.

Look, it is wonderful to be back here amongst friends at the Chamber. Last time, as Solly said, in 2019 it was also the Monday after the Christchurch terrorist attacks. We were all numb. It was a time to reflect on civility and community and the shared bond between us all. I built on the theme and that address last week at the United Israel Appeal in Sydney. I speak there about human dignity and what flows from that - respect, responsibility, how each and every single Australian, every individual is valuable. Now, these values are all essential foundations for the building of healthy communities.

Today, I want to speak about another foundation for building caring, healthy, confident, enterprising and ambitious communities. It's our economy. Our economy. Because I believe our economy is all about people. Where people live. They live in the economy. The jobs people have that support them and their families, they’re in the economy. The confidence people have, the confidence to buy a home, start a family, invest in a business. The skills people have and the doors those skills open, the incentives people have to work hard and prepare for the future. That is the economy.

Our economy is therefore also about the essential services that people rely on and that's something I've stressed since my days as a Social Services Minister and a Treasurer. Because only by ensuring a strong economy can we guarantee the essential services that Australians rely on. Hospitals, medicines, schools, disability services, aged care, mental health support, infrastructure, the pension and so much more. And not just to fund them now, but to sustainably do it into the future. If you care passionately about those services that I've just spoken of and how important they are to individual Australians and families and communities across this country, then I would encourage you, as I'm sure you already do agree, that we must have an equal passion for the strength of our economy, because that's what enables it.

That's why our Government is so focused on ensuring that all we do can strengthen our economy and you have seen this commitment through our response to the global pandemic, the greatest threat to Australian lives and livelihoods since the Great Depression and the Second World War. Our economic response and the recovery plan we put in place in last year's Budget has placed Australia in a unique situation in the world today. Economic health supports provided by the Commonwealth are more than double the combined investments of all state and territory governments put together and more. Add it up, double it, go further and that equates to the $267 billion in health and economic budget support provided by the Commonwealth as at the last Budget and that has carried us through this crisis in Australia, with complementary actions indeed by states and territories as part of a comprehensive national effort.

JobKeeper, the largest and most successful programme to keep people in jobs in Australian history, income supplements for vulnerable Australians, childcare support, cash flow support for small businesses, targeted packages supporting local government, tourism, travel agents, charities not for profit sector, the arts. We even kept zoos open. The result? Jobs. Jobs, and those jobs are back, according to the Australian Bureau of Statistics. In March 2020, just before the full force of the pandemic hit us, there were 13 million people employed in Australia. 13 million. Within the next two months, around 900,000 Australians lost their job. A year on, the official statistics for March this year shows that there are now 13.1 million Australians employed, some 74,000 more than when the pandemic struck. And that sounds hard to believe, I know, after everything we've seen around the world and we continue to see now. But it's true. It's a fact. More Australians are employed today than before the pandemic hit. Unemployment in March fell to 5.6 per cent.

Now, I'll tell you why that figure really caused some strong reaction in my office the day I heard it, in a very positive way, it is because that is 200,000 jobs more than we were projecting just in the mid-year statement in December. 200,000 more people got a job by that period of time in the first quarter of this year than we genuinely believed would be able to be achieved. There was a smile on my face from one ear to the other. And the reason for that was because Australians were back and jobs. Consumer confidence at a high level, its highest level, in fact, in a decade. This is no reason for complacency and it's not even reason for congratulation. It's a reason for being encouraged and being confident. You know, in March as JobKeeper was concluding, job ads rose to an all-time high.

All this means that our plan is working, friends. Our plan is based on believing, though, in each and every Australian and backing them in to get the country through. This plan is not something that sees government as the answer. This Government's plan believes you are the answer. Our Government's plan believes we've got through what we've gone through over the last 12 to 14 months because we believed in every employer, every employee, every parent, to be able to get their family and their businesses and their employees through. And that's what our policies and plans were designed to achieve. We need to stick to that plan. We cannot put that at risk or go with those who would offer us some other direction. And next Tuesday, Josh, the Treasurer will unveil the next stage of our economic recovery plan for Australia in his third Budget and our third Budget together.

This Budget will be all about securing Australia's economic recovery in a world of continuing uncertainty. And it will be a Budget that continues to be framed by the brutal reality of a raging global pandemic. This virus is raging. Almost 700,000 new infections are being reported every single day. The outbreak in India is an unfolding and awful humanitarian tragedy. According to John Hopkins University worldwide, there were more COVID cases reported last week that in the entirety of the first four months of 2012. Anyone who thinks things just because we can put 100,000 people in the G that this thing is over is wrong. This thing is still on and it's not going away.

As long as the virus is a threat, it remains a threat to the world economy and indeed ours. And as we've done so right from the start of the pandemic, we must in Australia remain ahead of the game. We must stay ahead of this virus and pandemic as much as we possibly can. And that means investing in infrastructure, that it means investing in a better approach to skills. It means keeping taxes low. It means more affordable and reliable and lower emissions energy to support our industries in the new energy economy. It means less red tape. It means building a faster, moving economy that is more responsive to the opportunities in the global economy, because by securing our economic recovery, we can guarantee the essentials that Australians rely on, which is the point. When you're running a government, you care about those services that Australians are depending on you for. Guaranteeing those essentials is something I and my Government are very committed to. And one area where we are doing this is the National Disability Insurance Scheme.

The NDIS, as it is known, is a world first, and I pay credit to Prime Minister Gillard for initiating this, that Australians can be rightly proud of. It has been embraced from the outset from both sides of politics. It is based on the guiding principles that people with a disability have the same rights as all other members of Australian society and should be supported to participate in and contribute to social and economic life to the full extent of their ability, or a fair go for those who ever go. I have always been a strong supporter of the NDIS for this very reason. I am because it is about enabling Australians, it's about backing them to be the best they can possibly be.

The NDIS is now supporting some 450,000 Australians. I pay credit to the work that Minister Robert has done in his former portfolio and getting us to that point. More than 50 per cent are receiving support for the very first time in their lives, including 70,000 children aged six and under, and almost 11,000 are receiving support via the early childhood early intervention gateway. I wouldn't be surprised if there are parents here in this room for whom that service is providing support to their children. Now, this is vital work and it's difficult work. And next Tuesday's Budget will show that the Commonwealth's contribution to the National Disability Insurance Scheme will increase by some $13.2 billion between 2021 and 2023-2024.

Now, in its original report on the design of the NDIS, the Productivity Commission forewarned of sustainability pressures, as the scheme matures with wage and cost increases. And at the moment the costs of the NDIS are increasing more than was ever contemplated or expected by those who first framed it. The continuing growth in the number of participants combined with higher cost per participant means participant supports are tracking to exceed the $22 billion annual estimate at full scheme by the Productivity Commission back in 2017. Scheme costs are now estimated to exceed $26 billion next financial year. This is a big scheme. Participant utilisation is now over 70 per cent and it's trending up. Scheme growth beyond earlier forecasts is a cost to the Commonwealth as contributions and growth are fixed for the states and territories on full scheme agreements.

So what that means is when the previous government put the deal together with the states and territories, they got a fixed amount that they were paying into the future. They know what their costs are every year. The Commonwealth, under that agreement, carried all of the risk of the scheme, which means we carry the responsibility to ensure that the scheme is sustainable and can continue to deliver for Australians who need it into the future.

Incorporating the Commonwealth additional contribution in this Budget, this financial year we expect the Commonwealth will meet 55 per cent of the participant support costs nationally and next year, that will increase to 58 per cent. So our share will only go up. The Commonwealth also meets 100 percent of the NDIS's operating costs. Now, while the growth in numbers was masked in the earlier periods because of slower than expected transition of participants from state systems into the federal system, the escalation in costs and in equities in planned funding have been clear for some time. And that's why the NDIA commenced a reform agenda, particularly under Stuart's stewardship some years ago.

Firstly, trialling independent assessments in the first pilot in 2018 and more recently, with the commencement of a number of sustainability actions. The average payment per participant has increased by almost 48 per cent over the three years from 2017 to 2020 and the average plan for individuals' budget has increased by 22 per cent over the same three years. At the same time, the number of participants is expected to reach 530,000 in coming years. So while some of the cost increase is driven by increased participant numbers, good, most though is driven by higher average payments per participant. And the last three years, the average payment participant has grown by 12.5 percent per year, which is well above inflation and 1.5 to 2.5 per cent this year, and the assumptions in the 2017 Productivity Commission review of around 4 per cent a year.

So this has got much larger than the early vision intended. That vision was a good vision. It was a compassionate vision. It was a caring vision. But to remain caring, you've got to make it work and you've got to make it sustainable and you've got to ensure that it can keep delivering. The growth in payments is in part the result of planners not having access to consistent quality information when making their funding decisions, as well as a lack of clarity on what is and what isn't paid for under the National Disability Insurance Scheme. You'll hear plenty of others who will argue that the sky should be the limit but we all know that that is not a realistic objective. To ensure the NDIS is here for generations of Australians to come, I intend to protect it. I intend to sustain it. And I intend to exercise my responsibility to manage those increased cost pressures.

Reasonable and necessary supports obviously come with some boundaries and boundaries to ensure the scheme is affordable. But more importantly so it's fair for all participants, the ones who need it now and the ones who need to know it’s going to be there in the future. The boundaries which protect the rights of individuals and boundaries, which allow flexibility, provide choice and control and the changes through independent assessments and personalised budgets, these are designed to make the NDIS fairer and more sustainable into the future.

We're committed to doing it. We are committed to finding the NDIS as a demand driven scheme. And so you will hear others who say that the cost should be higher, there should be no constraints, but that will only serve to ultimately undermine what has been one of the most important social reforms this country has seen. And it takes a Liberal-National Government to ensure that we can protect this Scheme through the responsible management of that Scheme. Of course, we can only make these commitments off the back of strong economic management. Over $13 billion in additional costs and investments we made in the NDIS because of the estimated changes in demand and the cost of medevac. The way we will meet that cost is ensuring that we have a strong economy.

A strong economy is the best friend the National Disability Insurance Scheme can have. And that is also why today I was pleased to announce in the Budget we will be further laying out plans to drive our economy forward and to secure our economic recovery. We've already announced quite a number of measures. Today I want to share the next phase together with Jane Hume and Stuart Robert of the digital economy strategy, which is critical to our economic success. One of our biggest challenges and opportunities turns on how we respond to digital transformation that is occurring in every sector and every facet of our lives. Productivity Commission Chair Michael Brennan spoke to you in March about these opportunities, and he made a reference to that time in Australian life when we went from candle light, to kerosene, to electricity in a generation.

Every business in Australia is now a digital business. And if you don't think you are, you haven't worked it out but you will and your customers will tell you. The tradesmen or woman who works through Airtasker, the landscaper who finds new business through social media, the farmer who I saw up at Beef Week at Rockhampton this week who keeps track of their herd with electronic tags and drones and the data that feeds back into the algorithms that do the analysis. The local Thai restaurant that sells through Ubereats or Menulog or any one of half a dozen other different food apps. The gym where members book their classes though an app. Every Australian business is a digital business.

This transformation is not merely a national one that needs to happen. It's a global one that is happening. According to Adobe, global e-commerce is closing in $1 trillion (USD) a quarter - up 38 per cent over the past year. According to the World Economic Forum, an estimated 70 per cent of new value created in the economy over the next decade will be based on digitally enabled platforms.

PWC has estimated that increased digitisation by business could add $90 billion to our economy and create up to 250,000 new jobs in the near future. Australia’s place in the world will be defined by how we respond to this now. The next 10 years will determine our success. As Telstra’s Andy Penn has said, “We are on the cusp of potentially the next industrial revolution, supported by the digital economy”.

A pace setter in this space is obviously the nation of Israel. The highest density of start-ups in the world, an ecosystem of innovation, dramatic innovation and investment in R&D, and the highest rate of engineers and scientists anywhere in the world. These drivers have transformed the Israeli economy. The lesson for the digital economy here in Australia is clear, accelerate, peddle down, or you’ll get left behind. That’s why in this year’s Budget will be providing a further $1.2 billion in new funding initiatives as part of our Digital Economy Strategy. That builds on the $800 million we put in the Budget just last October.

In 2019, I established the Digital Technology Taskforce in my Department to start the task of laying out what needs to be done to make Australia a leading digital economy by 2030. In the last Budget, we released the first phase of that plan, setting out how we are working to support the digitisation of Australian businesses. Investing in NBN upgrades, support for 5G, e-invoicing, digital identity, streamlining regulation, growing fintech and regtech. All underpinned by the $1.67 billion Cyber Security Strategy.

In December last year I elevated Senator Jane Hume to be the Minister for the Digital Economy and lead the next phase of our digital plan, which has come together again in this years Budget. This next phase is about strengthening Australian businesses and encouraging new ones to emerge. It’s about driving job creation now and into the future and ensuring simple and secure service delivery and transactions between people, business and Government. It’s about accessing the skilled workers and technology that Australian businesses need to compete and protecting Australians from cyber crime and abuse.

Australia’s Digital Economy Strategy recognises that the Government is an enabler, and that the true drivers of the digital economy will be Australians and Australian businesses. The strategy has three pillars. One, putting in place the foundations to enable the digital economy. Two, building our research and industry capabilities in the emerging technologies. And thirdly, digital growth priorities where we want to see collaboration and strategic investment to drive digital growth, jobs and investment across the economy.

In the time remaining let me just deal with those. The first pillar and the most important is for Government is to build the foundations that enable the digital economy to grow. It’s the digital infrastructure, building a skilled workforce, improving cyber safety and security, supporting digital trade, and putting in place the right systems and regulation. Data needs processing just as oil needs refining. But unlike oil, data doesn’t need huge refineries, it needs smart people and businesses. RMIT and Deloitte have found that 87 per cent of jobs in Australia require digital literacy skills, and Alphabeta estimates that the average Australian worker will need to gain an additional seven new digital skills by 2025 to keep pace with technological change.

That’s why our Digital Economy Strategy includes over $100 million in new investments to build the digital skills the Australian workforce and businesses need. The Budget includes a Digital Skills Cadetship trial to deliver work-based learning opportunities for in demand digital jobs, while also undertaking formal training of three to six months. I acknowledge the Business Council of Australia for their advocacy on this proposal.

We will also work with CSIRO and universities, many of them here today, to invest in scholarships for graduates in Artificial Intelligence and other emerging technologies to build the advanced digital skills needed by Australian industry. And finally, we are improving the quality and availability of cyber security professionals with a $43.8 million investment to expand the Cyber Security Skills Partnership Innovation Fund.

All of this builds on the major reforms we are pursuing to make our skills system more responsive to the needs of the economy, which Stuart Robert is working on with our states and territories. We’ll be making further investments in the Budget next week in that area. To build the research and industry capability in emerging technologies, I want Australia to be at the forefront of understanding and preparing for all of us to drive future productivity and prosperity. Artificial Intelligence, Internet of Things, Data Analytics, Blockchain, Quantum computing, these are changing our society.

This is the second pillar of our strategy, and is underpinned by a $124 million investment in Artificial Intelligence capability over the next six years. The great potential of AI is not in removing human endeavour. On the contrary, it has the potential to create better jobs, transform industries, improve lives and protect our environment. Here in Melbourne, some of the country’s leading medical research minds are already working with AI to improve breast cancer screening. At Advanced Circular Polymers in the north of the city, they are using AI and robotics to support high quality, innovative plastics recycling at one of the most advanced facilities in the country. CSIRO’s Data61 notes the benefits of AI could be worth up to $22 trillion to the global economy and that’s by 2030.

A key part of our AI plan is to invest in a National Artificial Intelligence Centre led by Data 61. The centre will coordinate Australia’s AI expertise and capabilities, supported by a further four AI and Digital Capability Centres across the country. Together, the centres will help foster collaboration with industry and drive adoption of AI across the economy. We are also making funding available for businesses and researchers to develop AI solutions to problems in our regional areas, and to address national challenges like energy costs and cyber security.

Digital growth priorities, the final pillar of our strategy. That is about ensuring we use digital technology to drive growth. We have identified four priority areas that will be our focus for collaboration and investment. Lifting digital capability and adoption in small and medium Enterprises, the very firms that Solly was talking about before. Supporting industry sectors at the digital frontier, such as manufacturing, mining, agriculture and construction. Building our emerging technology sector and start-ups. Digitising government to deliver simple, secure and trusted services for Australians.

A major new industry opportunity for Australia in the emerging technology sector is digital games development. According to the Interactive Games and Entertainment Association, the global video game industry is estimated to be worth $250 billion a year, but Australia earns just $144 million of that. We have the potential to grow a $1 billion industry within the next ten years alone. As part of the Budget, we are establishing a new 30 per cent digital games tax offset to drive investment and growth in the sector, as well as to help attract and build the creative digital skills needed in the economy.

We are also strengthening the Government’s own digital systems. myGov currently has 20 million accounts. It’s a vital portal that most Australians use. We are investing $200 million to make it simpler and more tailored to Australian’s individual needs. The time saved alone from the new functionalities and capabilities will generate benefits worth an estimated $3.6 billion across the economy over the next ten years.

And finally, one of the most important priorities in our driving strategy is digitisation of small and medium sized businesses. There is $12.7 million to expand the Australian Small Business Advisory Service to support 17,000 such businesses with digital advice over the next year. And we are investing $15 million to drive uptake of e-invoicing in the public and private sectors which will help small businesses get paid sooner and save up to $20 per invoice in costs.

Now, I appreciate that at a large lunch of 650 people, this may sound like a bit of a dry topic with some of the detail I have run over with you today. But that is what Governments have to focus on. The details. And that’s what my Government does. We put our head under the hood on this stuff. You might hear just some rhetoric about the digital economy from me but what you’ll hear from me and Jane and Stuart and Josh and Simon Birmingham and other Ministers, is you’ll hear quite specific detail and credible plans that we have spent a considerable time consulting and working on to ensure that they can work.

It is a comprehensive strategy. We’re very serious about it. As serious as the Israeli Government was when they set out this task. We intend to do this and we believe we have a plan to achieve it and that plan is about inspiring you. It is about enabling you and giving you the confidence to go forward and do the things that you know how to.

We have faced much as a country over this past year and we have achieved much as well. Our experts, our public health officials, our public servants, our business leaders, our employers, our employees, all world leading. We must continue to foster that ambitious, outward looking spirit as we face the challenges that are still ahead.

We must bring the same unrelenting focus that we have all had in the past year to building the Australian economy of the next decade. To keep delivering on our plan to secure Australia’s economic recovery. To continue to manage the economic impacts from COVID-19 as successfully as we have. To support the creation of more and better jobs. To guarantee those essentials that Australians rely on like the National Disability Insurance Scheme, and to build a safer, more resilient Australia in a greatly challenging world.

That is what next week’s Budget is all about. Now more than ever we cannot afford to risk the alternatives. We have come so far. We have learned so much. We must keep doing what’s working, and prevent losing what has been gained through so much hard work and effort from so many Australians.

We need to stick to the plan and we will continue to see Australia through this crisis and beyond. Stronger, safer and together.

Thank you very much for your attention.

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