

The 28th of December would have been my parents' 55th wedding anniversary.

No matter what else is happening, you can never fill the gap left by the loss of a loved one.

So I was in a reflective mood this Christmas and I took that feeling with me to Sydney as I welcomed the New Year. There were fireworks and bubbly all around me but I was concentrating on memories of the past and plans for the future.

Whether you remember the past as an easier, happier time or a harder, lonelier time depends on your own circumstances and journey through life.

But however you remember it, there is no going back there. You can't change it or relive it. But you can plan for and shape the future.

What's true for individuals, is true for our nation and our world.

We will never again live in a world without the fear of terrorism.

We'll never go back to a time before the internet.

We'll never see the global economy as it was before greed and poor regulation created the global financial crisis. As a result, we won't see our nation relive days of zero savings and easy money.

As Asia rises, we won't go back to the days of an unchallenged and all-powerful America with Europe as a zone of sophistication and economic strength.

We won't go back to the days before the gender revolution, when women's role was confined within the boundaries set by men.

We'll never again see a world without global warming.

Our time is this time, in a modern world rapidly changing, where our future is never assured.

But however challenging the times or rapid the pace of change, I'm a fierce optimist by nature who always believes in the best of Australia.

Only a week into the New Year, our strength as a nation was on display in Tasmania and the fire-ravaged parts of Victoria and NSW.

There was plenty of heartache and loss but incredible resilience was written on every face.

It's the same strength I saw in Queensland two years ago with the floods and after the Victorian fires in 2009. It's the same spirit I see in the face of our Diggers in Afghanistan.

And in a quieter, less dramatic way it's the strength that every Australian family shows as they work to build a better future for their kids each day.

Yes, we love a laugh and a beer.

We're always ready with the witty one-liner to crush pomposity. But there's a purpose to our larrikin character we're tough people who live in a tough land.

We have tempered our strength with fairness, a concern about each other. In our private lives, we stand by our mates. In our communities, we volunteer to help. In our nation it means we have created great ways to help and support each other like free public hospitals, the old age pension, fair workplace laws.

Australia, both strong and fair but also smart. We often underestimate how smart we have been in shaping our nation. We got through the global financial crisis and protected thousands of Aussie jobs by being smart.

Indeed, no other developed economy in the world played it as smart as we did.

We were smart enough to make painful changes to our economy in the 1980s and 1990s to be ready for the future. Many nations in Europe weren't that smart and look at how they are going now.

We have also developed and implemented smart public policy like Medicare. Look at how the United States has turned itself inside out over the last few years to get a new healthcare system which isn't as good as the Medicare Labor implemented in 1984.

Strong, fair, smart.

With these attributes, as a nation we have been able to ensure that every generation has lived longer, healthier, more prosperous lives with more opportunities available to them than the generation before.

Given the multiple challenges of our modern world, we will have to be stronger, fairer and smarter to ensure we are another generation that creates a better future for all our children.

My role as prime minister comes down to designing and delivering the plan that gets our children that better future. That plan begins with being strong to keep us safe.

Fighting global terror, meeting the growing risks of cyber crime, catching transnational criminals like people smugglers, taking guns and drugs off our streets, being able to handle disaster when it strikes.

With security as our foundation stone, my plan encompasses helping families as they cope with modern stresses and strains. Tomorrow's Australia can only ever be as strong as today's families. Gone are the days of mum at home and dad with no responsibilities around the house beyond being the home handyman.

Now, working mums and dads juggle it all while often being sandwiched between caring for young children and tending to the needs of ageing parents.

Understandably you don't want a Centrelink queue, you want a smart phone app to get you the help you need and that help has to work with your lives today.

Paid parental leave for mum and dad, more government assistance with childcare costs than before, and a new School Kid's Bonus to help with the costs of getting the kids to school.

Fairer tax arrangements so while you are juggling work and family life you get to keep the first \$18,200 you earn without paying a cent of tax.

Lower interest rates help by giving \$5000 of relief per year for a family with a \$300,000 mortgage. Getting the rules right to stop electricity bills continuing to skyrocket helps too.

All of these benefits are part of our plan to help modern families do the single biggest thing that will give our children a better life and that's giving them the love and care of family life.

But modern family life keeps throwing up new challenges. That's why I will always be listening to the latest challenge you face and working out if government can find a smart way to help.

At the same time, I won't let familiar problems languish in the toohard basket. For 40 years our nation has discussed giving a fairer deal to Australians with a disability. All too often, families are burdened, even broken, because of the current underfunded, fragmented schemes of support. 2013 is the year when we change all that and launch the National Disability Insurance Scheme.

Just like Medicare, the NDIS is about us being a fairer nation. So, too, are the hard budget choices we have made to ensure older Australians get more money in their pension and have

more choices for care as they age, that hospitals are better funded and there are more doctors and nurses, more GPs and health workers out in the community.

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

Last year Australians showed once again what their hard work can do.

During 2012, we created more than 100,000 jobs.

In 2013, we will continue to support jobs and growth and, as Asia rises, there will be new opportunities and challenges. That rise will put more competition on our doorstep, more businesses and nations wanting to take our markets. But there will also be more middle-class consumers on our doorstep, people who want to buy the very things we are good at supplying.

Australia can be a winner by getting stronger and smarter, beating the competition and winning the benefits of the growth.

In 2012, I laid out our plan to win through and we have already done some of the biggest and hardest things like pricing carbon so our nation shifts to cleaner energy and our industry modernises.

We can't win this economic race without new technology and better skills, so we are rolling out the NBN and expanding our training system.

We also can't win without a pool of national savings and a plan for our ageing society, so we are lifting superannuation to 12 per cent. We can't win without modernising our infrastructure and we are investing more in doing that than ever before.

But there are some big new steps we need to take.

We can't have all our eggs in any one basket. We need a smarter economy with increasing productivity, investment and innovation and many sources of strength manufacturing, agriculture, tourism, service sectors not just one.

But most importantly, we need to take a giant leap forward in education.

My passion is education and I can show you schools around the country where we have lifted standards and more children are succeeding at reading, writing and maths.

But we now have to make that difference in every school. Across all of our schools, over more than a decade, we have been slipping behind the education standards of the world and our region.

We have to be smarter.

In 2013, I will do everything necessary to make sure we properly fund schools and drive school improvement so every child in every school is getting in a great education.

By 2025, I want us to have one of the world's top five schooling systems.

For every child, I want their futures to be filled with the opportunities that come from high-skilled, high-wage jobs as part of long, prosperous, healthy lives. We can't get there without better schools. We can't get there without working together.

One of the great delights of being prime minister is the access it gives you to people, to their lives and their views. Even as you meet them for the first time, people feel they know you, so they will talk candidly, movingly about their feelings and their needs.

I love this sense of connection and it works both ways. Australians aren't backwards about saying what they think. During 2012, the thing people most frequently said to me was I don't know how you do it I will always appreciate the sentiment behind these words, the kind acknowledgement of resilience. But every time these words were said, I thought to myself, really the most important thing isn't how, it's why. Why do you do it? I get to answer that question with the benefits of being my father's daughter.

Brought up in a coal-mining village in south Wales, he was denied the opportunity to finish school and pursue further education. As a result he prized education above all else and had an overwhelming respect for those of higher learning. He fired my early passion for education and creating opportunity. Perhaps, most importantly of all, he taught me that it is important to have people you look up to but you must never look down on any one. We are all equals, entitled to our fair share of opportunity. He knew the consequences of a world in which the best go in life was confined to the sons and daughters of privilege.

So for me the why is simple. While there are children in our nation denied a great start in life; while there are men and women struggling for dignified, rewarding work; while there are women and girls, men and boys, whose lives are constrained because of old fashioned notions; while fair access to opportunity is denied any one, then we must fix it.

Christmas and the New Year is a time for rest and reflection. But it's also a time for getting ready. Ready for the year to come. Ready to roll out the plan. Ready to shape the future.

Entering 2013, I've never felt more ready. I've felt strengthened by my experience as prime minister so far, and clear-eyed about my plan for the future. Getting the big things done to create more opportunity for all is inevitably hard, messy, contested. But I am determined to get them done.