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~~189~~**PRIME MINISTER**FOR PRESSSUNDAY OCTOBER 17.
THURSDAY OCTOBER 21ELECTORAL TALK

The Federal Treasurer, Phillip Lynch, renewed the Government's offer of a fair and reasonable partnership for foreign investors when he addressed a conference in Sydney this week.

He was careful to emphasise that the Government's priority remains domestic economic policy. There is good reason, he reported to the conference in Sydney, for confidence in Australia's economic prospects.

The Treasurer reminded the overseas businessmen that Australian strategy is squarely in line with international views on economic management. He repeated the Government's resolve to deal with the economic problems which we inherited.

For rural industry in Australia there is nothing new in the message that the fight to control inflation and restore economic stability must take priority.

The last few years have been difficult ones for farmers. Yet unless we successfully attack inflation there will not be the jobs or the incentive to invest on which primary industry and manufacturing industry both depend.

The Government has taken a series of major steps aimed at restoring profitability to industry. To make more resources available to the private sector, some \$2.6 million was sliced off forward estimates for the current year, thus holding growth in the budget back to 11%.

We did that to make more money available to taxpayers and to other spheres of Government.

This has been particularly important for Local Government, which are now receiving a guaranteed share of national income tax revenue.

Their proportion of the revenue this year will increase by 75 percent to 140 million dollars.

Legislation to give effect to this grant will be coming into Parliament shortly. It will reach local governments, once procedures are established, as an annual lump sum early in each financial year.

Your Government has taken this action because we consider that the burden on ratepayers in many parts of Australia have been too heavy.

This is especially so in rural areas and we hope that Shire and Municipal Authorities will now, with these additional funds, be able to hold rates steady, or even reduce them.

There are always requirements for more funds. There are always good uses to which Government authorities can put extra dollars.

But when the Gross National Product is static or actually declining, as it was for the last year or two of the last government, then all spheres of government must understand that they cannot go on taking more and more out of the pockets of taxpayers and ratepayers.

As well as the new level of assistance for local government, we will be introducing in this session of Parliament, legislation for an Income Equalization Deposit Scheme.

The scheme will be brought in to apply to income earned this year.

The Income Equalization Deposit Scheme is a long term measure designed to produce more equitable taxation for farmers whose incomes fluctuate wildly because of weather, or world commodity prices.

It will not help those farmers this year who have little or no income at all. But it is evidence of the Government's firm desire to see primary industry put back on a sound footing.

Another long term reform will be the establishment of a rural bank. This is going ahead. We hope that existing banks will take part in it but if they do not wish to be involved the rural bank will be established in any case.

As well as being able to provide long term finance, the Rural Bank will have funds available for the purchase of equipment so that farmers do not have the burden of high interest rates under hire purchase agreements.

Many other measures have been taken since the Government came to office. Some of them short term, others long term.

None of these measures alter the fact that general economic recovery is critical for a restoration of profitability for rural industry.

That recovery has begun. It is clearly going to be slow after the battering which the economy took under the former administration.

We said before the last election that it would take a full three years. However I would like to return to the words of the Treasurer when he was speaking to international investors in Sydney this week - there is now good reason for confidence in Australia's economic prospects.
