

ADDRESS BY THE PRIME MINISTER TO THE
1983 ANNUAL CONFERENCE OF THE
VICTORIAN FARMERS AND GRAZIERS ASSOCIATION
28 JUNE 1983, DALLAS BROOKS HALL, EAST MELBOURNE

I AM DELIGHTED TO BE WITH YOU TODAY TO OFFICIALLY
OPEN THE 1983 ANNUAL CONFERENCE OF THE VICTORIAN FARMERS AND
GRAZIERS ASSOCIATION.

THE GATHERING HERE TODAY IS CLEAR TESTIMONY TO THE
BENEFITS OF HAVING A SINGLE BODY REPRESENTING VICTORIAN
PRIMARY PRODUCERS.

THE VICTORIAN FARMERS AND GRAZIERS ASSOCIATION IS,
OF COURSE, A MEMBER OF THE NATIONAL FARMERS' FEDERATION.

LAST MONTH IN CANBERRA I HAD THE HONOUR OF OPENING
THE FEDERATION'S ANNUAL CONFERENCE.

IN MY REMARKS THEN I DREW ATTENTION TO THE GREAT
SUCCESS OF THE AMALGAMATION OF BODIES REPRESENTING PRIMARY
PRODUCERS.

THE POSITIVE ROLE PLAYED BY THE NATIONAL FARMERS' FEDERATION SINCE ITS FORMATION IN 1979 IS PERHAPS THE MOST OBVIOUS CASE IN POINT. I PARTICULARLY APPRECIATED THE VALUABLE CONTRIBUTION OF THE FEDERATION TO THE RECENT NATIONAL ECONOMIC SUMMIT CONFERENCE.

BUT WE SHOULD ALSO GIVE FULL CREDIT TO THE CONSTRUCTIVE WORK OF YOUR OWN ASSOCIATION. THE VFGA WAS FORMED IN THE SAME YEAR AS THE NATIONAL FARMERS' FEDERATION - 1979 - AND FOR THE SAME REASON - TO ENABLE PRIMARY PRODUCERS TO SPEAK WITH ONE VOICE.

SINCE 1979 THE PROPONENTS OF UNITY AND OF CO-OPERATION BETWEEN FARMING ORGANISATIONS CAN BE WELL SATISFIED WITH THE RESULTS OF THEIR WORK. THEY HAVE BEEN VINDICATED.

I COME STRAIGHT TO THE CRUX OF WHAT I WISH TO SAY TO YOU.

THAT CONCERNS THE RELATIONSHIP BETWEEN THE FEDERAL GOVERNMENT AND PRIMARY PRODUCERS AND THEIR REPRESENTATIVE ORGANISATIONS.

WE NEED A RELATIONSHIP BASED ON TRUST, BASED ON RESPECT AND, ABOVE ALL, A RELATIONSHIP THAT WORKS.

BUT WE CAN ONLY WORK TOGETHER IF THERE'S A
RECOGNITION ON BOTH SIDES OF THE FUNDAMENTAL IMPORTANCE OF
THE RELATIONSHIP AND A BASIC COMMITMENT TO MAKE IT WORK.

SO I SAY THIS TO YOU SIMPLY AND WITHOUT ANY QUALM -
AND PARTICULARLY TO REPUDIATE ANY MISAPPREHENSION THAT MIGHT
INADVERTENTLY HAVE BEEN CREATED.

WE ARE DETERMINED TO WORK WITH YOU AND FOR YOU.

WE REGARD OUR RELATIONSHIP WITH YOU AS OF PARAMOUNT
IMPORTANCE AND ARE DETERMINED TO MAKE IT WORK.

THE CONTRIBUTION OF THE RURAL SECTOR IS NOT MERELY
INTEGRAL TO OUR SURVIVAL AS A TRADING NATION.

IT IS VITAL IF WE ARE TO MAKE ANY SORT OF FIST OF
AN ECONOMIC RECOVERY.

IN DEVELOPING OUR RELATIONS WITH YOU, MY GOVERNMENT
IS EXTREMELY FORTUNATE IN HAVING AS MINISTER FOR PRIMARY
INDUSTRY A PERSON OF THE ABILITY AND CONVICTION OF JOHN
KERIN.

HE IS QUICKLY ESTABLISHING HIMSELF AS THE MOST
EFFECTIVE MINISTER FOR PRIMARY INDUSTRY SINCE THE SECOND
WORLD WAR.

AND JUST AS IMPORTANT FOR FARMERS, MY ECONOMIC MINISTERS HAVE ALREADY ESTABLISHED THEIR CREDIBILITY IN THE STRUGGLE TO RESTORE AUSTRALIA'S INTERNATIONAL COMPETITIVENESS AND TO PUT AUSTRALIA ON THE PATH TO NON-INFLATIONARY GROWTH.

MY GOVERNMENT CAME TO OFFICE WITH A PLEDGE TO FIGHT UNEMPLOYMENT AND INFLATION AT THE SAME TIME. WE SAID THAT WE WOULD PURSUE EXPANSIONARY POLICIES, TO GET THE ECONOMY MOVING AGAIN AND TO CREATE JOBS AND WE SAID THAT WE WOULD DO THIS WHILE WINDING DOWN INFLATION AND ESTABLISHING A LESS DISRUPTIVE INDUSTRIAL RELATIONS ENVIRONMENT.

AND THAT IS WHAT WE ARE DOING.

OVER THE PAST FEW MONTHS I HAVE USED A NUMBER OF MEETINGS SUCH AS THIS TO REMIND AUSTRALIANS THAT THERE ARE REAL LIMITS TO THE DEGREE OF ECONOMIC STIMULUS THAT CAN BE ACCOMMODATED WITHOUT JEOPARDISING THE BASIC OBJECTIVES THESE POLICIES ARE SUPPOSED TO ACHIEVE.

I NEED HARDLY TELL YOU OF THE OVERRIDING NEED

- TO GET INTEREST RATES DOWN
- TO GET INFLATION DOWN
- TO CONTAIN WAGE AND OTHER COST INCREASES
- TO IMPROVE THE INTERNATIONAL COMPETITIVENESS OF OUR PRODUCTS AND
- TO EXPAND OUR MARKETS

I NEED HARDLY TELL YOU THAT ONE SURE WAY NOT TO ACHIEVE ANY OF THESE OBJECTIVES IS TO TREAT THE FEDERAL BUDGET AS THOUGH IT CAN BE EXPANDED WITHOUT LIMIT.

WE OWE IT TO AUSTRALIANS WITHOUT JOBS, AS WELL AS TO FARMERS AND OTHERS WHO MUST COMPETE ON WORLD MARKETS WHILE PAYING AUSTRALIAN PRICES FOR THE GOODS AND RESOURCES THEY NEED, TO KEEP THE BUDGET DEFICIT WITHIN THE BOUNDS OF RESPONSIBILITY.

WE HAVE INDICATED THAT WE HAVE BEEN PREPARED TO CONSIDER A DEFICIT UP TO ABOUT \$8.5 BILLION IN 1983-84.

WE BELIEVE THAT EXPANSIONARY FISCAL POLICY ALONG THESE LINES CAN BE CONTEMPLATED WITHOUT DISASTROUS CONSEQUENCES IN FINANCIAL MARKETS WHILE PRIVATE INVESTMENT REMAINS AS LOW AS IT IS. BUT STRONG AND DURABLE RECOVERY WILL REQUIRE THE RESTORATION OF HIGH LEVELS OF PRIVATE INVESTMENT. THAT GROWTH WILL BE DIFFICULT TO ACHIEVE IF THERE ARE FURTHER INCREASES IN REAL INTEREST RATES. AND THESE MUST OCCUR IF BUDGET DEFICITS REMAIN AT PRESENT LEVELS AS PRIVATE INVESTMENT STRENGTHENS IN RECOVERY. THUS WE BELIEVE THAT SUBSTANTIAL FISCAL STIMULUS IN THE NEAR FUTURE MUST BE ACCOMPANIED BY MEASURES TO HAUL IN THE STRUCTURAL BUDGET DEFICIT, AS RECOVERY PROCEEDS IN THE YEARS AHEAD.

OUR MAY ECONOMIC STATEMENT MADE A VERY IMPORTANT FIRST STEP TO BRINGING OUR FISCAL POLICY BACK ALONG A RESPONSIBLE COURSE, A PROCESS THAT WILL BE CONTINUED IN THE AUGUST BUDGET.

IN FRAMING THAT BUDGET WE WILL NEED TO ALLOW FOR THE MORE OPTIMISTIC INTERNATIONAL OUTLOOK THAT IS NOW DEVELOPING.

A SUSTAINED U.S. RECOVERY, PARTICULARLY IF IT IS REINFORCED BY THE PICK UP IN ACTIVITY NOW EXPECTED IN A NUMBER OF OTHER INDUSTRIAL COUNTRIES, SHOULD PROVIDE SOME ADDITIONAL DIRECT STIMULUS TO THE AUSTRALIAN ECONOMY, PRINCIPALLY BY WAY OF STRONGER DEMAND FOR OUR EXPORTS AND REDUCED EXTERNAL PRESSURE ON OUR IMPORT COMPETING SECTORS.

IN THE COURSE OF 1983-84, THIS EXTERNAL STIMULUS CAN BE EXPECTED TO CONTRIBUTE TO THE INCREASE IN ECONOMIC ACTIVITY AND EMPLOYMENT THAT WILL BE ASSOCIATED WITH OUR EXPANSIONARY FISCAL POLICIES, THE ENDING OF THE DROUGHT AND THE IMPROVEMENT IN CONSUMER AND BUSINESS CONFIDENCE APPARENT SINCE THE SUMMIT.

ALL THIS STRENGTHENS THE VIEW I EXPRESSED YESTERDAY AT THE NATIONAL PRESS CLUB - NAMELY THAT THE FINANCIAL YEAR WHICH BEGINS THIS WEEK WILL MARK A DECISIVE WATERSHED BETWEEN PAST YEARS OF STAGNATION AND FUTURE YEARS OF GROWTH IN THE AUSTRALIAN ECONOMY.

OUR WHOLE ECONOMIC STRATEGY DEPENDS ON OUR BEING ABLE TO IMPROVE AUSTRALIA'S INTERNATIONAL COMPETITIVENESS AND TO CONTAIN THE ADVERSE EFFECT OF WAGE INCREASES AND INFLATION ON OUR ABILITY TO COMPETE.

THE FACT IS: THERE CAN BE NO LONG-TERM RECOVERY UNLESS WE MAINTAIN OUR INTERNATIONAL COMPETITIVENESS.

MY GOVERNMENT IS COMMITTED TO ACHIEVING A DEGREE OF WAGE RESTRAINT CONSISTENT WITH THAT OBJECTIVE.

WE HAVE INDICATED THAT WE DO NOT BELIEVE THE ECONOMY CAN ACCOMMODATE A RISE IN WAGES IN 1983 BEYOND THE ORDER OF 3 OR 4 PER CENT.

SIGNIFICANTLY THIS IS A LOWER INCREASE THAN WAS EXPECTED BY THE GOVERNMENT'S OFFICIAL ADVISERS UNDER THE PREVIOUS GOVERNMENT'S WAGES POLICY. IT IS, OF COURSE, FAR LOWER THAN AUSTRALIA HAS HAD AT ANY TIME IN THE PAST DECADE.

THE GROWTH IN AVERAGE WEEKLY EARNINGS IN CALENDAR YEAR 1982 WAS RUNNING ABOVE 14% BUT BY THE BEGINNING OF NEXT YEAR WE EXPECT TO GET IT DOWN TO AROUND 6%.

SUCH WAGE MODERATION WILL CONTRIBUTE TO THE LOWER INFLATION WE EXPECT OVER THE COURSE OF THIS YEAR.

WE INHERITED AN INFLATION RATE OF 11.5 PER CENT AS WE WENT INTO GOVERNMENT, BUT GOING INTO 1984 WE EXPECT INFLATION TO BE DOWN TO THE ORDER OF 6 PER CENT.

THIS WILL HELP IMPROVE OUR INTERNATIONAL COMPETITIVENESS AND REINFORCE THE FAVOURABLE IMPACT THAT RESULTED FROM THE GOVERNMENT'S DEVALUATION IN MARCH.

EXCHANGE RATE POLICY IS, OF COURSE, ALONGSIDE WAGES POLICY, AN ESSENTIAL DETERMINANT OF OUR INTERNATIONAL COMPETITIVENESS. OUR POLICY OF FIGHTING INFLATION AND UNEMPLOYMENT AT THE SAME TIME MEAN THAT WE ARE ADOPTING A MORE BALANCED APPROACH TO EXCHANGE RATE POLICY THAN OUR PREDECESSORS, WHOSE POLICIES OF FIGHTING INFLATION FIRST SOMETIMES LED TO THE EXCHANGE RATE BEING HELD ARTIFICIALLY HIGH.

WITHIN THAT FRAMEWORK, LET ME NOW TAKE UP SOME OF THE SPECIFIC GOVERNMENT DECISIONS I KNOW HAVE CREATED SOME CONCERN IN THE RURAL COMMUNITY.

I TURN FIRST TO THAT WHICH HAS CREATED PERHAPS MOST CONCERN : THE GOVERNMENT'S DECISION TO SHORTLY END THE TWO COMMONWEALTH-FUNDED DROUGHT RELIEF SCHEMES THAT HAVE OPERATED SINCE LAST SEPTEMBER - FROM 30 SEPTEMBER IN THE CASE OF THE INTEREST SUBSIDY SCHEME AND FROM 30 JUNE IN THE CASE OF THE FODDER SUBSIDY SCHEME.

I HAVE TAKEN NOTE OF YOUR CRITICISM AND WOULD LIKE YOU TO KEEP IN MIND THAT THERE ARE CONTINUING ARRANGEMENTS TO ASSIST FARMERS IN DIFFICULT FINANCIAL CIRCUMSTANCES BECAUSE OF NATURAL DISASTERS.

IT IS APPROPRIATE TO REPEAT WHAT I TOLD THE PARLIAMENT ON 3 MAY IN RESPONSE TO A QUESTION FROM THE LEADER OF THE NATIONAL PARTY:

"THE MINISTER FOR PRIMARY INDUSTRY IS PREPARING A REVIEW OF DROUGHT RELIEF MEASURES FOR EARLY CONSIDERATION BY THE GOVERNMENT. AS THE SITUATION IMPROVES, WE ANTICIPATE AN INCREASING REQUIREMENT FOR CARRY-ON FINANCE UNDER THE N.D.R.A. SCHEME FOR RESTOCKING AND RESTORATION PURPOSES".

FARMERS IN DROUGHT-DECLARED AREAS WILL CONTINUE TO HAVE ACCESS TO CARRY-ON LOANS UNDER THE N.D.R.A. OF UP TO \$40,000 AT INTEREST RATES NO HIGHER THAN 4 PER CENT. GIVEN THE MARKED IMPROVEMENT IN SEASONAL CONDITIONS, AND THE CONTINUED ACCESS TO THE NATIONAL DISASTER RELIEF ARRANGEMENTS, IT SEEMED TO MY GOVERNMENT TO BE APPROPRIATE TO TERMINATE THE FODDER AND INTEREST SCHEMES. MOREOVER, THE GOVERNMENT RECENTLY NEARLY DOUBLED THE ALLOCATION MADE LAST YEAR FOR RURAL ADJUSTMENT.

THE PREVIOUS GOVERNMENT IN INTRODUCING THE FODDER AND INTEREST SUBSIDIES MADE IT PERFECTLY CLEAR THAT THEY SHOULD BE REGARDED AS A ONE-OFF EXERCISE DIRECTLY ARISING OUT OF THE GENERAL DROUGHT THROUGH ALL OF EASTERN AND SOUTHEASTERN AUSTRALIA. THESE SPECIAL CIRCUMSTANCES MEANT THAT NORMAL ASSISTMENT ARRANGEMENTS WERE NOT AVAILABLE TO FARMERS AFFECTED BY DROUGHT. CLEARLY THIS SITUATION NO LONGER EXISTS.

HOWEVER, IN VIEW OF VARIOUS STATEMENTS AND REPRESENTATIONS THAT HAVE BEEN MADE, THE GOVERNMENT IS PREPARED TO CONSIDER ANY SPECIFIC EVIDENCE FROM FARMERS' ORGANISATIONS THAT AN EXTENSION OF THE FODDER SUBSIDY BEYOND JUNE 30 IS ESSENTIAL.

ANOTHER AREA WHERE SOME CONCERN HAS BEEN EXPRESSED IN THE RURAL COMMUNITY IS THE ECONOMIC STATEMENT DELIVERED TO PARLIAMENT ON MAY 19 BY THE TREASURER, PAUL KEATING.

THIS STATEMENT, YOU WILL RECALL, PRESENTED THE RESULTS OF THE GOVERNMENT'S COMPREHENSIVE REVIEW OF EXISTING GOVERNMENT EXPENDITURE AND TAXATION.

THIS REVIEW WAS UNDERTAKEN TO DEAL WITH THE FINANCIAL CRISIS TO WHICH I HAVE REFERRED.

OF THE MASS OF DECISIONS IN THE MAY STATEMENT ONLY FOUR DIRECTLY AFFECTED PRIMARY PRODUCERS.

THE TOTAL SAVINGS FROM THESE FOUR MEASURES WERE \$54 MILLION IN THE COMING FINANCIAL YEAR.

THIS WAS, HOWEVER, ONLY A SMALL PROPORTION (IN FACT, LESS THAN 6 PER CENT) OF THE AGGREGATE SAVINGS ACHIEVED FROM THE EXERCISE.

THOSE SAVINGS TOTALLED \$985 MILLION.

SO THERE WERE SAVINGS OF \$54 MILLION FROM MEASURES AFFECTING PRIMARY PRODUCERS COMPARED WITH SAVINGS OF ALMOST \$1 BILLION OVERALL.

CLEARLY THERE CAN BE NO REASONABLE SUGGESTION THAT THE RURAL COMMUNITY WAS ASKED TO CARRY A DISPROPORTIONATE SHARE OF THE BURDEN OF RESTRAINT.

ANOTHER AREA OF SOME CONCERN IS TARIFF POLICY.

THE FEDERAL GOVERNMENT ACKNOWLEDGES THE LEGITIMATE CONCERN OF THE RURAL SECTOR ABOUT THE EFFECT OF AUSTRALIA'S TRADE POLICIES.

PROTECTION FOR AUSTRALIA'S MANUFACTURING INDUSTRY IMPOSES VERY REAL COSTS ON AUSTRALIAN FARMERS.

THE GOVERNMENT HAS UNDERTAKEN NOT TO INTRODUCE PROTECTION REDUCTIONS IN THE PERIOD IMMEDIATELY AHEAD BECAUSE OF THE CURRENT UNEMPLOYMENT SITUATION.

NEVERTHELESS, WE NEED, AS A NATION, TO BE LOOKING TO THE LONGER TERM, TO A SITUATION WHERE WE DO INTRODUCE GRADUAL REDUCTIONS IN PROTECTION AND BEGIN TO EASE THE SEVERE BURDEN THAT PROTECTION IMPOSES ON THE RURAL SECTOR AND OTHERS IN OUR COMMUNITY.

THERE SHOULD BE NO DOUBT IN ANYBODY'S MIND ABOUT MY GOVERNMENT'S COMMITMENT TO TRADE LIBERALISATION AS THE ECONOMY STRENGTHENS IN THE YEARS AHEAD.

MY GOVERNMENT HAS A STRONG COMMITMENT TO PRIMARY INDUSTRY.

IN OUR SHORT PERIOD IN GOVERNMENT WE HAVE ALREADY ACTED IN A WIDE RANGE OF FIELDS.

CONSIDERABLE PROGRESS HAS BEEN MADE TOWARD THE ESTABLISHMENT OF A SINGLE NATIONAL MEAT INSPECTION SERVICE.

THE MEAT AND LIVESTOCK INDUSTRIES ARE CONSIDERING THE GOVERNMENT'S PROPOSAL FOR REORGANISING THE AUSTRALIAN MEAT AND LIVESTOCK CORPORATION.

WE RECENTLY ANNOUNCED A FIVE YEAR STABILISATION PLAN FOR THE TOBACCO INDUSTRY.

THREE WEEKS AGO JOHN KERIN ANNOUNCED THAT THE RURAL ADJUSTMENT SCHEME, AN ONGOING PROGRAM TO HELP FARMERS ADJUST TO CHANGING ECONOMIC CIRCUMSTANCES, WILL RECEIVE \$35 MILLION IN THE COMING FINANCIAL YEAR.

AS I MENTIONED EARLIER, THIS ALMOST DOUBLES THE CURRENT YEAR'S \$18.4 MILLION ALLOCATION. IT STRONGLY

CONTRASTS WITH THE APPROACH OF THE PREVIOUS GOVERNMENT WHICH CUT RURAL ADJUSTMENT SCHEME FUNDS BY TWO THIRDS IN 1979.

QUITE SEPARATE FROM THIS DOUBLING OF FUNDING, WE INJECTED \$11 MILLION INTO THE RURAL ADJUSTMENT SCHEME FOR CARRY-ON LOANS FOR THE SUGAR INDUSTRY.

LET ME COME BACK TO THE FUNDAMENTAL POINT I WAS MAKING EARLIER - THE NEED FOR THE FEDERAL GOVERNMENT AND THE RURAL SECTOR TO WORK EFFECTIVELY TOGETHER.

WE AS A GOVERNMENT RECOGNIZE THAT AUSTRALIAN PRIMARY INDUSTRY IN TERMS OF ITS EFFICIENCY IS SECOND TO NONE IN THE WORLD.

I WAS REMINDED OF THIS ALMOST BY ACCIDENT EARLIER THIS MONTH WHEN I WAS IN INDONESIA.

WHILE THERE, I VISITED A PLACE CALLED CIAWI, NEAR JAKARTA, WHERE A MAJOR AID PROJECT FOR ANIMAL RESEARCH AND DEVELOPMENT IS IN OPERATION.

THE WHOLE PROJECT WAS EXTREMELY IMPRESSIVE.

BUT THE RELEVANT POINT HERE IS THAT THE FARM TECHNOLOGY BEING APPLIED - THE BEST IN THE WORLD - WAS AUSTRALIAN FARM TECHNOLOGY.

THIS SMALL POINT UNDERLINES FOR ME SOMETHING OF
TREMENDOUS IMPORTANCE.

THIS IS THE EXTRAORDINARY POTENTIAL OF AUSTRALIAN
PRIMARY INDUSTRY - NOT JUST IN TERMS OF A CONTRIBUTION TO
DOMESTIC ECONOMIC RECOVERY BUT IN TERMS OF MAKING A REAL
IMPACT ON THE INTERNATIONAL ECONOMIC SCENE.

BUT TO REALIZE THAT POTENTIAL, THE NATIONAL
GOVERNMENT MUST GIVE AN OPEN AND FULL COMMITMENT TO OUR
GREAT PRIMARY INDUSTRIES.

I GIVE YOU THAT COMMITMENT NOW.

WE, AS A GOVERNMENT, AND YOU, AS A VITAL PART OF
OUR COMMUNITY, MUST WORK TOGETHER.

AND IN DOING SO, I CAN THINK OF NO BETTER STARTING
POINT THAN THE NEW LOGO YOUR ASSOCIATION HAS ADOPTED AS A
MOTTO - "ACHIEVEMENT THROUGH UNITY".

WE WILL NOT ACHIEVE ANYTHING AS A NATION IF WE ARE
DIVIDED AMONG OURSELVES:

- IF WE CREATE ARTIFICIAL DIFFERENCES BETWEEN CITY
AND COUNTRY
- IF WE REFUSE TO RESPECT EACH OTHER OR TO LISTEN TO
EACH OTHER
- IF WE DWELL ON PAST DIFFERENCES AND NOT LOOK TO THE
FUTURE

THE ONLY BASIS FOR GENUINE ACHIEVEMENT AS A NATION IS FOR US TO FORGET OUR DIFFERENCES AND TO UNITE - AS AUSTRALIANS.

I WISH ALL OF YOU EVERY SUCCESS IN YOUR EFFORTS FOR "ACHIEVEMENT THROUGH UNITY".

I SIMPLY ASK THAT YOU WORK WITH US, AS THE NATIONAL GOVERNMENT, IN THAT VERY SAME ENDEAVOUR WE SEEK FOR AUSTRALIA - ACHIEVEMENT THROUGH UNITY.

I DECLARE THIS CONFERENCE OPEN.