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## PRIME MINISTER

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ADDRESS BY THE PRIME MINISTER  
ALP VICTORIAN COUNTRY CONFERENCE  
WARRAGUL, VICTORIA - 25 AUGUST 1984

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I want to make three preliminary points.

First, I am very pleased to be here - even if I am 12 months late. I regret that last year Budget deliberations prevented me from coming at the last moment. I hope that when I've finished speaking not too many of you will wish the same thing had happened this year.

Second, I am very pleased to be in Barry Cunningham's territory. Barry is a very good friend and, more importantly, an outstanding Federal Labor member.

Third, I want to pay tribute to Fred van Buren. This is the ninth Victorian Country Conference that Fred has organised. It is also his last. Fred will shortly be taking a seat in the Legislative Council. On your behalf I want to thank Fred for his work over these years as Secretary of the Rural Policy Committee and, in particular, in organising these Conferences.

Today I want to re-affirm in the clearest terms the commitment of this Federal Labor Government to country people - a commitment I submit which should be by now beyond doubt.

But I want to speak first about economic policy and, in particular, the Budget we brought down on Tuesday.

I remind you briefly of the economic crisis we inherited a mere 18 months ago:

- . double digit inflation - at levels more than twice our trading partners;
- . record interest rates;

- . a disastrous wages explosion in 1981 and 1982;
- . a cessation of economic growth altogether;
- . a prospective Budget deficit of \$9.6 billion; and
- . an explosion of unemployment in the last year of the previous Government of a quarter of a million people.

That was the economic crisis we inherited. Now compare that with the situation today and the economic outlook set out in last Tuesday's Budget papers.

First, inflation. In the Budget papers consumer prices are forecast to rise by a little over 5 per cent this financial year. That is half the inflation rate we inherited.

Interest rates have fallen significantly during our period in government. The restraint we have exercised in this year's Budget should make possible further reductions.

The momentum of economic growth is now very healthy - according to the Budget forecasts, about 4 per cent this financial year for the economy as a whole.

Wage moderation is now the order of the day. The Prices and Incomes Accord is ensuring that.

Finally, jobs are growing and unemployment is coming down. Indeed, the Budget forecasts suggest that by June next year we will have created over 400,000 new jobs since the Economic Summit in April last year.

The economic policies of the Federal Labor Government have been an outstanding success. All Australians, whether living in the city or in the country, will benefit.

Last Tuesday's Budget will build on the excellent progress we have already made. The strategy of the Budget will ensure that economic recovery continues, inflation is further reduced and job prospects are further improved.

The cuts in personal income tax that we announced are a crucial part of the Budget strategy. The tax cuts will play a very important role in stimulating consumer demand over the next 12 months. Retail sales have been one of the few weak spots in the economy and the tax cuts will stimulate this area of activity.

In addition the tax cuts will make even more certain continued income restraint and to that extent underpin the Prices and Incomes Accord. For the majority of workers, the tax cut will increase take home pay by roughly the same amount as an \$11 per week pay increase.

Our tax cuts are good for the economy - and we make no apology for them.

The Federal Opposition's position on tax cuts is crystal clear. If the Opposition had remained in power there would have been no tax cuts at all this year.

Mr Howard has made that abundantly clear on several occasions. On 19 March this year he put it this way:

"I think if the Government is faced with a choice between giving a tax cut of say \$1 billion and having a deficit that is a billion lower than it might otherwise be, I think it ought to choose the latter."

Mr Howard has repeated those sentiments several times, including at the launching of the Coalition's economic policy on 12 April.

Mr Peacock has made great play of the fact that the tax scales have not been indexed.

The Opposition, of course, themselves abandoned tax indexation when in government. (As well, their notorious tax cuts of 1977 lasted a mere 5 months.)

In fact the tax cuts in the Budget are very much more generous than would have occurred through tax indexation. The full year cost of the tax cuts is \$2.1 billion, compared with \$1.2 billion as the full year cost of tax indexation.

The Budget has not only set the scene for continued strong economic recovery. It has also done a great deal directly to improve the position of the unemployed and other disadvantaged groups.

The package of social security increases contained in the Budget will cost \$430 million this year and \$683 million in a full year. It will make a significant contribution to easing the plight of those in need.

The standard rate of pensions and benefits, for example, will be increased by \$2.50 a week above indexation and the married rate by \$2.10 for each partner. In contrast there were no general increases in pensions along these lines in the seven long years of our predecessors' rule.

During those seven years the single unemployment benefit fell by 19 per cent in real terms. With the measures announced in the Budget it will have increased by 13 per cent between March 1983 and June 1985.

The Budget also contains increased payments for child support and education allowances available to low income families and additional rent assistance for needy pensioners. In the past two years we have substantially increased our support for public housing.

With this Budget we have made a substantial further step towards providing adequately for Australians in need.

With this Budget we have also laid the basis for further progress in creating new jobs and in reducing unemployment - which is the greatest single cause of poverty in this country.

It is a Budget for growth, for recovery and for a better future for all Australians.

Against that background I turn now to the situation of country people. When we speak of country people we are talking, of course, not only of farmers and others directly engaged in our rural industries. We are talking of all the people who live in country Australia.

I mention now just a few of the measures taken by this Government to assist country people.

Spending on road programs - of particular importance to country people - will be a total of \$1,245 million this financial year. This takes the increase in road funding to 46 per cent over the past two years.

Since coming to office the Government has allocated a total of \$20 million to the Country Town Water Supply component of the Community Employment Program. The Community Employment Program as a whole is also benefitting country people. For example, the country regions of Victoria have already attracted \$29 million in CEP funding, involving over 2,000 new jobs.

The Government has committed a total of \$218 million to Commonwealth office construction of which \$155 million is committed specifically for regional areas.

The Government has removed the annual borrowing limits on smaller local government authorities.

The introduction of the domestic satellite for Australia will mean improved communications for many people in the remote areas of the country.

Appreciating the need to keep transport costs down in country areas, we are maintaining the fuel subsidy on freight at 1.2 c/litre.

In the Budget we increased by 25 per cent the basic zone rebates for taxpayers in remote areas of Australia.

And I could go on. This Government's commitment to country people has been demonstrated in the clearest terms.

Many country people, of course, have a vital stake in our rural industries. Last Tuesday's Budget again demonstrated the Federal Labor Government's support for these industries. For example:

- . \$26 million for wool promotion this financial year;
- . an increase in the allocation to the National Soil Conservation Program from \$1 million to \$4 million;
- . \$27 million to fund rural research, an increase of \$5 million; and
- . the decision to index the rebate on diesel fuel used off road.

This Government regards the money we are putting into our rural industries as an investment in their future and the future of all Australians. A strong and vigorous rural sector means more growth, more exports and more jobs for all Australians.

Rural industries are Australia's largest single export earner - 47 per cent of total exports last financial year. So the strength of the rural sector affects the living standards of all Australians.

We all have a vested interest in the prosperity of our rural industries. Government backing for those industries makes good economic sense.

I believe both the rural community and the Government are very fortunate in having John Kerin as Minister for Primary Industry. Mr Kerin is a respected member of the Cabinet, a tireless Minister and an outstanding advocate for the rural community.

There is one thing that is more important than anything else to our primary producers - sound, effective, competent economic management. Without that, all the specific assistance measures to rural industry will come to nought. They won't work.

As I have shown, on this score - effective economic management - the Federal Labor Government has an outstanding record.

Country people, of course, will continue to benefit just as much as city people.

The Labor Party's credentials as far as country people are concerned are excellent. All of you delegates here know this to be the case. I ask only that you spread the message far and wide.

We can go into the next Federal election and the next Victorian election confidently putting our case to country people.

We have the policies and the programs to meet their needs. Our record is an outstanding one.

I believe that whenever those two elections are held, Labor will receive the strong support of country people throughout Victoria and throughout Australia.

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