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PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP
AND THE MINISTER FOR PRIMARY INDUSTRIES AND ENERGY,
SENATOR THE HON BOB COLLINS, JOINT PRESS CONFERENCE,
8 DECEMBER 1994**

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PM: ... the statement just released to you which is a decision taken by the Cabinet on submissions lodged by my colleague Senator Collins in a set of proposals which have been worked up by the leader of our Rural and Regional Task Force - Harry Woods, Member for Page, Bob Horne, Member for Patterson and Dick Adams, Member for Lyons as well as with extensive consultation with the farm sector and the leadership of the major farm and grazing groups.

I think the first thing we want to say about this is that the Government regards this drought as probably the most serious ever. I said at the election that we wouldn't be leaving any section of Australia behind and that included farming families. So, in 1994 we have introduced a White Paper for the long-term unemployed because of their plight. We have now focussed, I think, systematically on the difficulties faced by rural Australia particularly those people affected by severe drought. As a consequence, the Government, in a quite revolutionary change of policy announced some time ago that we would remove the farm assets test for the purpose of income support, for people in farm communities and improve also the capacity of the Rural Adjustment Scheme to adjust farms who are in marginal conditions at the best of times away from the sector now that conditions have become far more critical and also to improve farm management capacity and Senator Collins and I gave a commitment that we would look at the possibility of structural improvements to the tax system to encourage for the future the putting away of money for difficulties circumstances or the putting away of fodder and the storage of water. These are things that we gave a commitment to the farm leaders on and the farm communities on at the time of our last major package.

Now, that was \$164 million of assistance over time and this package is \$112 million over four years which adds to the cost of the scheme, but again, seeks to try to deal with the problem.

In a nutshell what we have today, we have the RASAC giving us advice upon what areas are exceptional circumstance areas - drought exceptional circumstance. Now, it has to be a scientific evaluation, it is one away from the political fray, it is one that looks objectively at the problems of particular localities in respect of drought and the qualifying criteria. The submission which Bob Collins brought to Cabinet yesterday extended that drought exceptional circumstance area down the north coast of New South Wales. There is a map here and you are welcome to it which shows in orange the general, Bob, maybe you could show them Bob. Have you got the map?

BC: They are coming.

PM: Here it is here, that is the new area. All of this pink area is already receiving drought exceptional circumstance support, but where we have taken the policy a little further is in the areas which are here in primrose, these are the areas if you like, in central western New South Wales from the Hunter back in through to Dubbo and to Nyngan. Those areas don't qualify for the drought exceptional circumstance, but they are severely drought affected and they are structurally depleted in terms of the way in which the sector has been managed in that part of New South Wales. So, what we have sought to do to overcome this problem, we are enlarging the regional RAS program which will help ensure that those areas outside of these drought declared areas are sensitively managed. The other declaration, of course, is in the eastern side of Tasmania which is also an area recommended by RASAC.

So, we are doing two things. We are extending the drought exceptional circumstance declarations down the New South Wales coast and into Tasmania. We are also, in areas which are severely drought affected but don't qualify for technical reasons, be it late rains or other things, and where there are structural problems, to extend regional RAS for adjustment there and because the people in that area don't qualify for income support under the exceptional circumstances what Bob Collins has recommended is that the Cabinet allocate a further level of funding for the Farm Household Support scheme, which is an income support scheme which is not part of the social security system as is the availability of income support under the exceptional circumstances drought arrangements. The Cabinet has agreed to provide a further \$5 million in 1994/95 and 1995/96 to enable the Minister for Primary Industry and Energy to exercise his discretion under Section 5.3 of the Farm Household Support Act 1992 to extend the grant period under the scheme for eligible farmers in the western division and central west of New South Wales from nine months to a maximum of 24 months.

In other words, what the Government is seeking to do here is to cover off the areas of exceptional circumstance, to provide the income support that comes with it and where the drought extends itself to have

RASAC examine the areas and make appropriate declarations. But, where we have a critical situation on our hands and we do in some of these areas, particularly in the central west area of New South Wales which hasn't caught the southern rains in the way the ACT has, we have sought to extend the policy further by putting another, if you like backup, to the drought exceptional circumstances policy.

Let me say that our Rural and Regional Task Force has been quiet significant in this, that is, the touch that they have had with the rural farm communities around Australia including in New South Wales and in this area out in central western New South Wales, Bob Horne has been in touch with the farm community and getting an assessment of how we can deal with farm degradation, how we can deal with overstocking, how we can deal with some of the problems which are now making itself pretty obvious.

Can I just say we have had criticism here from the New South Wales Ministers Souris and Causley and the gall of them is that less payments are going to New South Wales farmers, say compared with Queensland, because New South Wales won't provide the funding. New South Wales won't provide the funding. The hypocrisy of Souris and Causley is manifest. So, as always, as in most things in this country, to get a structural change in this area of policy, it has come as always, from the Labor Party. But, we are guided by the thing that always guides us and that is if people are in trouble, no matter where they are or where they are from or who they vote for, let me say that, we are there to give them a hand. But, give them a hand with a policy that will stick under pressure and one that is rational and sensible and that is why, I think, generally the farm leaders have supported this change.

One final thing and that is on the future. Bob and I gave a commitment to the farm sector that we would look at farm management bonds and the IEDs and we are increasing the limit on the farm bonds from \$80,000 to \$150,000 per tax payer, which is \$300,000 for a two tax payer farm family which means that they can save for tomorrow, if you like, when they get income they can start to put money away. They get a choice, they could either save money or in some respects if they wanted they can save fodder, they can do the things that help them through the tough times and we have also introduced a 10 per cent investment allowance for fodder storage, livestock water storage and water conveyancing subject to investments being consistent with farm management plans. That I might say, is a further change. In other words we will encourage more water storage, we will be encouraging greater provision for fodder and beyond that we will be encouraging provision for finance for people to put funds away as they need it.

You might recall just a couple of weeks ago I put out a statement introducing the Land Management Task Force to investigate ways to improve the adoption use of property management plans for the farm sector. What we want to see come out of the drought, out of this

period of stress for people, is in the future we look at whole of farm planning: management of the soils; stocking rates; provision of water; advice about what sort of crops should be sown, how the contour ploughing should take place. And we are trying to encourage the banks to get into this so that they lend only when there is a competent farm management plan. In other words, they are not just lending on marginal land, that is marginal at the best of times and completely lacking viability at the worst of times. So, that coupled with what we are doing here today means quite a large change to agricultural policy in Australia and let me complement my colleague Bob before he says a word to you - on understanding all these things, having the wit to put a policy like this together, for his linkages and touch with the farm community and the grazing community out there and, again, working as he has in co-operation with our own colleagues in the caucus who I have mentioned. This should mean that a lot of people in rural Australia will know that whatever else happens, there is going to be income support there for them in difficult circumstances, where they are in exceptional or as we described very difficult circumstances and for the future we'll let them put more funds away, we will help them build their fodder and water capacity and we will get some real whole of farm planning into the farm sector.

BC: With the delivery of this component for long term handling of drought which we committed ourselves to in September, what this Government has in fact done is we have delivered to primary producers across Australia the most comprehensive and the best structured package of drought assistance that any government has ever delivered to primary producers in Australia. For both short term measures and for longer term measures. One of the reasons for that is that we have worked hand in glove with all of the major farming organisations in Australia. This has been developed in full co-operation with them. They haven't, of course, got all they wanted, but they have got a substantial part of it. They have got the parts of it that we thought were good policy. I expect the FMBs that Paul has just referred to in particular will get a huge tick from farmers right across Australia because the constant demand from the primary producers, and they are fair dinkum about it, is that they want the government as well as helping us now in the short term to attack the underlying structural policy problems with the existing short term measures of drought relief and what we have been doing for 100 years in this country is running in when there is a crisis and slapping band-aids all over it, we have done it for a hundred years.

It hasn't been until this package has been delivered that we now have a structured, comprehensive package that will target the assistance properly and will help farmers help themselves.

One of the criticisms can I say of the FMBs has been, in terms of these enhancements, 'oh well, this is going to help the very good farmers'. Yes, it will and the reason I stress that is there is a very strong social underlay to this package, very strong. In terms of maintaining the

integrity of that bush community that really provide the whole spirit and heart of Australia. The FMBs are absolutely crucial to that which is why the farm organisations asked for this as their major priority and it will help the best farmers survive the worst times in Australia and keep them on those family farms.

Just to give you a quick example, the farming community, the NFF, the Grains Council, the SA Farmers Federation, NSW Farmers Federation, asked in respect of the taxation arrangements, the investment allowances, that they be extended. Not just to water storage, but also importantly to water conveyancing, that is actually reticulating crops, reticulating it across the property, that made sense. They also asked for it to be extended to minimum tillage equipment as well, we have delivered on all that.

I would just like to take you quickly through the actual structure of what has happened in New South Wales, which is important, again, in terms of the social underlay of this. The Government has adopted in full all of the recommendations of RASAC. Every single recommendation was supported. RASAC, I have to say, have done a herculean task over the last month or so, getting this into Cabinet in time. They have not only done the massive analysis that is required, but they have been on the ground as well, in all of these in places. And they have recommended that this strip - and you have got the maps now - down the East Coast of NSW - and if you have a look at the historical Met. patterns you will see why that has happened - we have declared exceptional circumstances and we have done it, a little consistent rain shadow in Tasmania has also been allocated exceptional circumstances. All of this area, of course, is currently getting it, and I might add, in the short time this scheme has been working - since September, basically 5 weeks from a running start, or a standing start - it has been dramatically successful. We now have 5000 farm families receiving farm household support, or drought household support, where they were getting nothing before. 5000. There hasn't been a hitch in the delivery of this.

PM: And that is worth about \$6 million...\$6.5 million.

BC: Now, the green area here is the Western Division of NSW which we have already allocated funding for, for rural restructuring, in exactly the same way as the package that has already been delivered and was signed off by the Prime Minister in Charleville for South West Queensland. I am heartened by the fact that George Souris - in response to a few complaints we made last week - did say on the ABC radio that the NSW Government is committed to deliver the assistance here. Now, we were left with this band here in Central Western NSW - Nyngan and Dubbo and so on - and this in fact was the basic request for assistance - this band here. This has been delivered...we were left with this in here. It did not qualify, on the recommendation of RASAC, for exceptional circumstances assistance. But there are hard problems in here, I mean this area is essentially only been droughted since the

beginning of the year, but because of massive structural problems - I mean a lot of these places are ex-dairy farmers that are now running cattle and so on. There are massive structural problems, and RASAC reported all this, massive environmental problems being caused in this area, but also there are welfare problems. So we were faced with the difficulty of getting some help to these people that's needed, while maintaining the structural integrity of this approach. What we did was this: we are going to incorporate the entire Central West area - that is yellow - into this area as a Structural Adjustment Package for NSW, and we will put that offer on the table immediately with NSW. Now what that means importantly of course, are, enhanced re-establishment grants - \$45,000 to \$75,000 across this entire area for those people that want to exit - but also importantly - we will provide you with the detail of this later - all of the productivity enhancement assistance that is going to be put into here as well. But, what we have also done - the farm household support scheme - which is the equivalent money to JSA and the Drought Relief Payments - it's the same amount of money - is currently only available for 9 months. At the end of that 9 months, you either exit, in which case the loan is converted to a grant and you don't have to repay it, or if you don't exit, that has then got to be repaid. What we have done is we have extended for this area the FHS qualifications from 9 months to 2 years. In fact, it has become a central part of the reconstruction part of this area. So farmers in this region will be able to go on farm household support in this whole region for 2 years now. They will be able, if they wish to exit farming, and indeed some of these farms without question are not viable, and they will still get the re-establishment grant of \$75,000 on top of that. If, of course, they want to stay, they will be able to do that and that grant will then be converted into a loan. So, we have delivered - fundamentally - on everything we have been asked to deliver, in terms of the major asks of the farming community, and as I said before, in doing so, and addressing the social needs of farmers in a difficult situation, this is the most comprehensive and best structured package of drought assistance that has ever been delivered.

- J: What happened to the appeal by the various state's to be included in Exceptional Circumstances?
- BC: They were all assessed by RASAC....one important thing, we also said - as you recall - when we launched the package, that we had adopted a criteria of 24 months out of 36 as an immediate fix. The reason is it has been used in Queensland now for 2 years now and we have to get this assistance on the ground quickly. We acknowledge then the deficiencies of it, and said we would go out with the co-operation of the State ministers hopefully, and we did that. At the ARMCANZ meeting in Adelaide, all Ministers signed off on this - everyone, including Ian Causely from NSW. This is the criteria, and I will just indicate that it is available if you want it, and it is now being used by RASAC. All of these assessments were made on the new criteria. 24 out of 36 (months) is finished, Cabinet has adopted the new criteria for future assessment and RASAC is now using that. If you are interested in

what RASAC is - and I just recommend that you have a look at the list of membership of RASAC - it is a very, very good bunch of people. The President of the South Australian Farmers Federation is on it, a board member of the NSW RAS Authority, one of the rural managers of the National Bank is on it - it is a very independent and expert group of people. What will now happen, we will get applications, they will be given to RASAC - and this is what was agreed in Adelaide - RASAC will use the new criteria, and provide the Government with independent advice on whether these areas should be granted. I stress again, Cabinet supported every recommendation of RASAC. RASAC has not recommended that Victoria should be included, it has not recommended that the Northern Territory should be included, but it has recommended that the areas that we have granted in NSW and Tasmania, and - in the report to me - pointed out that although this area didn't qualify, it didn't qualify because of the massive underlying structural problems in this region that have simply been exacerbated by the drought, and we have acted on that recommendation as well, in putting in this rural restructuring package. And I might add, there are - when you see the detailed costs later - there are significant funding implications of this. There are quite a few million dollars are now going to go in here. I am happy to say, that a significant amount of that is Landcare, and I might add, this package costing does not include the labour market programs of course that are administered by Simon Crean - that is, the programs specifically directed to environmental damage. The money that is in this package for Landcare is for the project funding, that is actually for the hardware that will be needed to help farmers put these measures into place to try to stop the environment problems in this region. The enhancement of the FHS arrangements will cost \$10 million over 2 years that it is going into this region. But I might add also, that there is no need for the NSW Government to match that - the only matching funding we need from NSW is for the Structural Adjustment Package - the family household assistance package that we fund.

PM: What we need from NSW is some matching goodwill and some matching concern for the farmers - that is what we need from NSW.

BC: And an agreement like tomorrow....

PM: And can I just say on this question about the Landcare programs - apart from their values in terms of dealing with environmental degradation, the labour market component of them - which as Bob has said, is funded under the DEET programs of Simon Crean - the extra \$14 million over 2 years for the National Landcare Program in drought affected areas will also help those people who work on farms who are not farm owners - that is the farm workers and the townspeople who find themselves in a great difficulty of finding work. So, there is the environmental benefit, but there is also a social benefit too.

- J: Mr Keating, you have given an awful lot of money to a mob of people who will never vote for you, in a fairly tight fiscal situation as well - why?
- PM: For the same reason that we have given a structured set of policies to the long-term unemployed wherever they might be - I am quite sure that a lot of them are in the areas where they have not been traditionally supporters of the Government. But the Labor Party has always had that sense of society about looking after people in difficult circumstances when events have overtaken them through no fault of their own, and they find themselves rather to deal with it. And let me just reiterate what Bob Collins said about the farm family - he said we are supporting those who have got viable farms with these tax arrangements - we are, because we have to maintain the core of the family farm, and the family farming business, and the towns and the communities that arise as a result of it. Otherwise, you will just see massive aggregations to industrial companies, which may be owned by Australians, and may not be owned by Australians. And therefore you have got a change in the nature of rural society. So this is a large issue, as far as we are concerned.
- J: You have said that you will speak to the banks, or encourage the banks to lend only to viable farmers - to what extent do you think the problem of non-viable farmers exist, and won't one consequence of that be further de-population of rural Australia?
- PM: There has been, over a long period of time now, an aggregation of larger holdings, and that has been true as farm efficiencies have needed to increase - particularly in the face of polluted markets around the world, and price competition - so that has happened. And there has been a drift away from the country-side to the towns and cities, but we still want to maintain viable units. The banks, by and large, have taken a view that there was no point in throwing a lot of properties onto the market - as through 1990/91 etc - and that has been a wise view, and I think now they want to seriously remain in the business of lending to the farm sector, but they now understand - as we understand, and as the peak farm organisations understand - that we have got an obligation not simply to the incumbent farmer, but to the land that they farm and graze, its long-term viability, to soil erosion, to wind erosion, to adequate water arrangements on farms, and therefore the business of the whole of farm planning will start to consultancies drive all around the country helping and providing whole of farm management plans, and which I think.....
- J: Do you have in mind further specific drought initiatives to bring that about?
- PM: We have got a lot of extension and advisory services running now, and a lot of it is funded here, and as you know, I was in Charleville last week with the South West Queensland strategy with the farm community out there, which is just about that. You see, this can't just

be done by Governments - is got to be done by farm communities, and I think what was very encouraging about the South West Strategy was that you have got that essentially coming from the farmers and graziers themselves - in this case graziers themselves - saying "look, we are overstocking, we are putting the land at risk, a lot of us are not viable, if some leave, the rest of us can be viable, and if they leave, if you the Commonwealth give them income support and labour market programs and some financial adjustment, you can get them out, help them, focus them, and get them a job". In other word, it makes possible that which could never happen were we not around, or were there not a strategy. So I think this is going to be the mood of it, (inaudible), the Murray-Darling basin and you could perhaps see the South West Queensland regional strategy as being part of what we call a drift down the Murray-Darling Basin as we continue to improve these strategies right through the area of that system.

- BC: Can I just say in advance of your question that there is one important part of this package that we haven't dealt with a lot of the detail, that is have a look at the detail, there is significant money for additional scientific research. We have already put money in which has produced a real result - the Rain Man Package which has been a real winner - was produced with the funding we provided last time, we have extended that. But there is an important component of the funding - I think it's close to \$0.5 million - it is \$480,000 I think - what we are going to do, it has never been done before, is the Department of Primary Industry and Energy, DEET and Social Security, are going to conduct face to face surveys with 3,500 farmers right across Australia. It has never been done before. We are going to develop a data base from face to face interviews with 3,500 farm families across Australia about the full range of their problems, the Government Assistance, the Social Security system and all the rest of it. And I think that will produce an extremely invaluable result for Government in terms of any future policy decisions we take.
- J: Mr Keating, now that we know what you are going to do for the country people, when are we going to.....
- PM: Can I just say...
- J: ...what are you going to do about those people in trouble because of the operation of the third runway?
- PM: I'm not here on this occasion...I know you would like me to stay here for the rest of the afternoon to answer all the questions that come into you head....
- BC: How about 10 minutes attention on the bush instead of the towns all of the time?

PM: How about 10 minutes attention to any one subject - that would do us? But before I - I hope you noted that Alan for your Saturday column Alan...

J: How are we going to know when you are going to do something about the third runway.....

PM: Well, I am about to - I should have at 10.30am - been delivering a speech on the Defence White Paper in the House, and I have got to go, we will be considering the third runway today in Cabinet, and at the appropriate time today, we will be saying something solid about it.

J: Will you come back and say something Prime Minister?

PM: I don't know...just as Bob Collins in a sense doesn't need me to explain this change, nor does my colleague Laurie Brereton need me to explain the others. And....

J: You have chosen to explain this policy....

PM: I have.

J: You can choose to explain the one about the third runway?

PM: I have a completely deep interest in the third runway, and all the corridor chit-chat and scuttlebutt about it - just for you Alan, I will think about it. But only just for you.

J: That is very kind of you Prime Minister.

PM: It is a sign of my concern.

J: Prime Minister, it has been reported that you are responsible for one of the key decisions that diverted planes over the suburbs, rather than the sea - is that accurate?

PM: You will have to wait 'til after Cabinet.

ends.