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**PRIME MINISTER**

12 September 1996

**TRANSCRIPT OF THE PRIME MINISTER  
THE HON. JOHN HOWARD MP  
KEYNOTE SPEECH TO THE AUSTRALIAN FOOD COUNCIL  
ANNUAL GENERAL MEETING  
“SUPERMARKET TO ASIA”**

**E & OE.....**

Thank you very much Mr Murray Rogers for your invitation to speak today and for those very warm introductory remarks. To my Ministerial and other Parliamentary colleagues and to all of you, good morning and it's a great pleasure to have the forum of this Council meeting to launch by far the most important initiative of the new Coalition Government directed towards the long term benefit and the long term strengthening of rural and regional Australia. As I look around the room, I am reminded by the presence of a number of people of those who have made a contribution to the formulation of the Government's thinking in relation to what I am to launch today. I think of course of the contribution of the food industry, of individuals in it, of people like Reg Clairs of Woolworths. I think of the massive contribution of the National Farmers' Federation, represented here today by its President, Don McGauchie. I think of the contribution of quite a number of my Ministerial and Parliamentary colleagues, of John Anderson, of Neil Andrew and of many of the others, all of whom have played a very significant role in formulating the Government's thinking.

I think all Australians believe that our food producers are undoubtedly amongst the most efficient in the world and that we have the natural advantage of producing products in a relatively clean environment. And that is a proposition that would draw no dissent from anybody in this room. I think we are overwhelmingly conscious of the huge opportunities that day by day are developing for properly targeted exports from this country to the Asian Pacific region. Everybody recognises the crucial significance of that region to Australia's economic and political future. It is for that reason of course, and incidentally the first major visit I will undertake overseas as Prime Minister will be to Indonesia and Japan next week, having last week visited the nations of the Pacific region. So in every sense there is a continuity of the commitment of this

country of economic and political involvement in the Asian Pacific region, an association commenced many decades ago and continued without serious interruption or change by Governments of both political persuasion in this country.

So we have together, if you like, together we have the capacity of this country as an extremely efficient producer of food. We also have it being produced in an extremely clean environment. We have a huge and growing potential market by its sheer size in the Asian Pacific region, but added to that of course is the rapid development of an increasingly wealthy middle class in many of the nations of the Asian Pacific region, and inevitably that will bring forth demand for a greater variety of food, for greater sophistication in food and therefore almost in the geometric progression, the market opportunities are going to increase.

So against that background I think what we need to do is to assess what is the task, the nature of the task required to achieve an additional breakthrough which will be of such tremendous importance to rural and regional Australia. We produce the food the region needs and instead of knocking on doors to markets, it's time we took the hinges off the doors so that neighbouring consumers benefit, our food producers benefit and Australia as a whole, particularly rural and regional Australia will also benefit. That is why today I have very great pleasure in launching the Prime Minister's Supermarket To Asia Council and I believe the outcome of the deliberations and the work of this council will provide new opportunities and a real focus for the future for rural and regional Australia.

The Council will bring together Government and industry and other leaders to work together on removing barriers to greater exports of food products to the region. The total Asian food market is estimated to be worth \$685 billion by the turn of the century with at least 12%, or over \$83 billion to be met from imports, and this represents a significant, indeed, huge opportunity for Australia. Producing quality food on our farms and properties is of course not enough. We then have to get it to markets at a good price, we have to add value to our raw products and we have to promote what we produce.

As a sign to the Government's commitment to this process, four other senior ministers will also be on the Council - the Deputy Prime Minister and Minister for Trade, Tim Fischer; the Minister for Primary Industry and Energy, John Anderson; the Minister for Industry, Science and Tourism, John Moore; and the Minister for Transport and Regional Development, John Sharp. There are a number of very eminent industry leaders and representatives on the Council. They are Mr Reg Clairs of the Australian Supermarket Institute; Mr Murray Rogers of the Australian Food Council; Mr Don McGauchie, the President of the National Farmers' Federation, and in addition, Mr David Mortimer, the Managing Director of the TNT Group; Mr Garry Ringwood of AMCOR Ltd; Mr Malcolm Irving of the Australian Horticultural Corporation; and Mr George Kailis of the MG Kailis Group. I also delighted that Mr Joe De Bruyn, the National Secretary of the Shop, Distributive and Allied Employees Association has also agreed to join the Council along with Professor Adrienne Clarke, the Chairman of the CSIRO.

I can't think of a more broadly based and a more representative group of people, representing all of the interests that will come to bear on the very ambitious task that we are with this announcement today setting ourselves as a Government. When a Government invests the personal resources of time and commitment of a Prime Minister, a Deputy Prime Minister and three other senior Ministers and is able to enlist the enthusiastic support of industry and trade union leaders and also other people with expertise to bring to this exciting challenge, then I believe it sends a message to the whole community and most particularly a message to rural and regional Australia as to how important we regard putting down long term proposals and presenting a long term focus which over a period of time can regenerate the fortunes and regenerate the future of that part of Australia. We almost now accept it as part of the daily routine of talking about Australia's political and economic future, ladies and gentlemen, to talk about the association that we have with the Asian Pacific region, and the announcement of this Council today and the commitment that it represents by the Government and the commitment, and that will be spoken of in a few moments by others, the commitment that it represents from industry is a very, very strong earnest of the long term commitment we have to further interlocking the economic future of Australia and most particularly rural and regional Australia with the burgeoning wealth of the Asian Pacific region.

The Government has already committed \$6 million over three years to increase efforts to clear quarantine barriers to Australian exports, and in that connection we have recently signed an agreement with the Philippines that will allow access of Australian fruit previously banned.

In launching this Council today and throwing very much to the future and endorsing the Government's commitment to the goals of gaining much greater access for fresh and processed food into the Asian Pacific region, I think it's important to remind ourselves that it's not just a question of promotion, it's not just a question of efficient farm produce but it is also a question of removing so many of the barriers and so many of the imposts which hobble an efficiently produced product with intermediate costs which price that product out of world markets. Many of you around the room, particularly those of you who represent our rural industries, are aware of the disabilities, the cost disabilities, under which rural producers in this country have operated for so long. The heart breaking frustration of knowing that you are an efficient farmer, that you are an efficient producer and that you can get your produce out of the farm gate and a world competitive price only to have it mugged on the way to the final point of sale and consumption by the inefficiencies of middlemen, by the inefficiencies of processing, by an industrial relations system that is antiquated and an industrial relations system that has added unnecessary costs.

So in launching this Council today I, of course, underline the importance not only of the initiative that it represents and the focus on promotion, the focus of taking advantage of that huge market, but also the ongoing imperative to reduce the costs of doing business in this country and the ongoing imperative of further micro economic reform of industrial relations and transport and communications reform.

Mr Chairman, I am really delighted at this initiative which I first publicly outlined almost a year ago when I addressed the annual meeting of the National Farmers'

Federation here in Canberra as Leader of the Opposition, a proposal that has been under very close discussion between myself and senior people in the business community and in the farming organisations, and I'm delighted to have this opportunity of launching the Prime Minister's Supermarket to Asia Council, of personally committing the investment of my own time and energy and that of my senior ministers to achieving the objectives of the Council to thank those industry leaders who have joined it, to thank Mr De Bruyn, coming as he does of a union background - an impressive national leader of the union movement, and of Professor Clarke of the CSIRO. It is a marvellous cross section of people with all the skills and all the inputs that are needed. It is a sign post of the long term commitment and in the long term dedication of this Government to search for and find fresh initiatives and fresh ways of revitalising and giving new hope and new encouragement and new inspiration to rural and regional Australia in a way that is not a short term gimmick that takes advantage of emerging market opportunities, builds upon the natural strengths of this country which are efficient to production, a clean environment matching them in the most appropriate way with the growing market, particularly of the middle class, in the Asia Pacific region.

And if we can bring all of that together the opportunities for Australia, and particularly for Australians who live in the rural and regional areas, are really bright indeed. Thank you very much.

#### **QUESTION:**

Perhaps I could kick it off, Ern Pope from Nestle Australia. I've got to say I must congratulate you Prime Minister on pushing through with this initiative and perhaps I could comment briefly on discussions we've had within the AFC Board as to what we see as the really key issues here. I guess previously there seemed to be a focus on communicating the clean and green image of Australia and while this is very important it really is just a price of entry to many of these markets. Of course we've got to have food safety issues covered, of course we've got to have all of the various programmes like (inaudible) covered right through the supply chain, but it really is only the basis of entry into these markets and I think many of our customers in Asia reiterate that to us. What they really care about, once they have a product that's adapted to their tastes, what they really care about isn't cost competitive. Will it be delivered when we ordered it, in the quantities that we ordered it and where we want it to be delivered? This really gets back into the competitiveness issues and I guess, to some extent, the market access issues. You've addressed that here, all I can say is, we would like some reassurance that the competitiveness and market access issues will get priority as opposed to perhaps just trying to promote the clean green image, because that really is the basic of just getting there in the first place.

#### **PRIME MINISTER:**

I can certainly tell you very directly that they will and the emphasis that I placed in my speech on continuing efforts at reducing the cost of doing business in this country, continued efforts for labour market reform, and transport and communications reform. There are probably many people in this room who in another context or other contexts have heard me repeat the story of the Sizzler chain that was on the verge of buying the

American beef, despite the fact that it was 60 per cent dearer off the hoof. But because of what happened from the farm gate to the point of final sale and consumption, it ended up that the American product was 40 cents a kilo cheaper than the Australian product.

Now, that's a parable, if you like, of the competitive disadvantage, through no fault of their own, often of efficient primary producers in this country. And of all the things that we want to do as a government, we really place as much importance, if not more, on doing something about those sort of cost pressures as we do on anything else. And I totally agree with you that promotion alone is not enough, the clean and green image is not enough, efficient farm production is not enough because if you are mugged along the way to the final point of sale by uncompetitive and costly practices, well you lose the sale and you lose the whole momentum. The goal of a council like this operating against the background of the Government's well known commitment to industrial relations reform, for example, which is a very topical subject at the moment and one about which most of you have heard me talk repeatedly over the years, and I know is very dear to the hearts of a lot of people in this room, but operating against the background of that, this Council brings together people, not only in the food industry and in the farming community, but also of course people in the transport industry, which is so very important to the successful achievement of the goals of this exercise.

#### **QUESTION:**

I should have also emphasised there that I think probably 80 per cent of the work that needs to be done on our competitiveness resides within the companies in Australia as well. I think the Government's role here to help free up the flexibility issues must add to that and allow us to get on with it. The other issue though that I've got to say, what my Asian customers talk about a lot at the moment is, 'when is the waterfront going to be taken care of in Australia and should we order up massive amounts now if it's going to be an issue there?' This obviously has to be tackled in a sensitive way, but tackled it must be. I'm just wondering if there's any comments you'd make on that?

#### **PRIME MINISTER:**

Well, yes. We, as you know, and John Sharp has spoken about it quite regularly and I'm very pleased that he's here today. We are very committed to reform of the waterfront. It must go sequentially with generic reform of the labour market. The key to waterfront reform is general labour market reform. It is a sensitive issue. We don't intend to approach it in a needlessly belligerent or confrontational way, but we recognise that there will be some fundamental changes needed. The costs of processing exports through the Australian waterfront and imports too, is too high. It does make much of Australian industry less competitive than it ought to be and many of the problems lie with the monopoly practices which are the target of Australia's...of the Government's industrial relations reform package.

We hear a lot in economic debate about the undesirability of monopolies and of course, they are undesirable in commerce, they're also undesirable in other areas as well. Monopoly practices in the labour market are costly and anti-competitive, just as

monopoly practices in other fields such as education produce poorer outcomes than will otherwise be the case. So I can assure you that our commitment to waterfront reform is very strong, but it is something that is associated with generic reform to the labour market and will be tackled by us in a firm fashion but in a fashion that's not designed to be needlessly belligerent or confrontational.

**QUESTION:**

There's no doubt that Asia is a particularly important market sector for Australian food industries, but there is also a lot of food that's being exported to other parts of the world at the present moment. Can we expect that the level of support will still be there from the Government for continued (inaudible) exports in those parts of the world?

**PRIME MINISTER:**

Well, yes. It should always be, perhaps, understood and perhaps it should be stated from time to time that the focus on the association with the region does not indicate for a moment that this Government, or I hope any future government in this country, ever has an 'Asia only' policy. It's a question always of seizing market opportunities wherever they arise and it portrays an inadequate understanding of Australia's export performance and the investment patterns and the investment flows, both in and out of this country, over the last ten years, not to recognise the tremendous opportunities that exist elsewhere.

I think it's fair to say that the dynamic of change is much stronger in the region. You have not only the natural momentum of continuous economic growth, which is much higher than other regions of the world, but you have the structural change which is occurring with a rapid emergence of a very large middle-class whose capacity and resources to purchase. Although, 10 per cent of a country is not a very large middle-class in relative terms, but given the population sizes, they are enormous markets for Australia. I mean, countries such as Indonesia and Malaysia and India all represent further purchasing power of their growing middle-class's enormous market opportunities, and the diversification of taste and diet and so forth that will naturally come because of those societal changes that have a sort of a multiplier effect on the opportunities. But none of that means for a moment that we'll lessen the support for the commitment toward improving market access in other parts of the world. We'll never stop trying to improve market access into Europe, difficult though that is, but so many of us have such long memories about that, we'd feel lonely if we still didn't have that task ahead of us.

**QUESTION:**

Graeme McDougall, Longerlife Vegetarian Products. Mr Prime Minister, we've benefited over the years with grants from Austrade and I noticed that you've reined that in some and I think our experience with Austrade is probably common to a lot of companies around the table. There are some offices that are absolutely delightful to deal with and they're go, go, and there are others that are just absolutely hopeless. I wonder whether your government would ever give thought to a little bit of incentive?

We operate that way. Maybe some of the Austrade offices, if they had an incentive that if they got the market open for you, could do a better job for us.

**PRIME MINISTER:**

It's an interesting suggestion. I'd like to think about it. I don't want that to be suggesting that there are all sorts of environments in different countries, and when you mention the word incentive, that can have different connotations. Let me think about that. I mean, we are adopting a quite interesting incentive-driven approach to job placement. I mean, our program of privatising the job placement mechanism in this country I think opens up enormously attractive opportunities there and I think we'll produce far better outcomes than the present system. But I'd like to sink through the implications of what you've suggested.

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