



GOVERNMENT MEASURES TO ASSIST INDUSTRY

Statement by the Prime Minister, Mr Harold Holt

This week the Federal Government has met representatives of the manufacturing and rural industries of Australia to discuss the immediate and long term effects of the British devaluation of the Pound Sterling and the Australian decision to maintain the value of the Dollar.

General assessments by industry were closely in line with those made by the Government and detailed consideration began of the special problems of certain industries.

I made it clear when the Government took its decision on devaluation, and again this week, that when current surveys were complete, the Government would proceed to give appropriate assistance in areas of industry which have suffered directly. Surveys are in progress and will continue for some time, but firm decisions have now been taken on some aspects.

There are matters of urgency to some industries, particularly rural industries. They fall into two categories :-

- (a) Immediate problems as the result of the devaluation of British and other currencies.
- (b) Long-term fundamental problems of rural industries.

Cabinet therefore decided yesterday on certain measures to help the rural industries likely to be affected immediately and also to initiate a full examination of basic problems by the relevant Ministers and by special high-level committees. The decisions are summarised below.

A Devaluation Reporting Committee of three senior officials under the chairmanship of the Secretary of the Department of Primary Industry (Mr A. C. B. Maiden) will begin work at once. The other members will be Sir Alan Westerman and Mr M. W. O'Donnell.

This Committee will report direct to the Cabinet through the Prime Minister. It will consider the immediate problems of devaluation in the rural industries by examining losses from devaluation considered to be demonstrable and unavoidable, and make recommendations for action regarding them.

A special enquiry into the fundamental problems of rural industries, involving consideration of the reconstruction of certain industries, will be made by the Minister for Primary Industry (Mr Anthony).

Mr Anthony will consult with the appropriate State Ministers and with the leaders of rural industries. He will then bring specific proposals before Cabinet.

The Government has, for some time, had under consideration a restructuring of the dairy industry and proposals are now ready for Cabinet. Consideration will be given to applying the principles on which these proposals are based to certain other rural industries.

The Wheat Board has already suffered identifiable losses of something like \$30 million on outstanding Sterling contracts as a direct result of British devaluation. Insurance cover against devaluation was sought by the Wheat Board but was not available.

The Government will reimburse the Wheat Board for this loss less the amount of the premiums which would have been payable had insurance cover been available.

Other marketing authorities which were not able to take out full cover against devaluation with the Reserve Bank, and which have suffered loss as a result, will be eligible for assistance in the same way after the facts have been established by the Devaluation Reporting Committee.

There is some urgency for the canned fruit industry because of the imminent ripening of fruit in the forthcoming harvest. Some 65 per cent of canned fruit exports go to Britain. Cabinet decided that the Government would assist the canned fruit industry and details of this assistance will be announced by the Minister for Trade and Industry.

The assistance to be announced by the Minister will be conditional on the industry working out urgently long-term arrangements to put before the Government for the rationalisation of the marketing of canned fruits and for the stabilisation of the industry on a more satisfactory long-term basis.

It will apply to the very exceptional circumstances of this industry in relation to the 1968 pack.

The manufacturing industries in both their domestic and export operations have also been the subject of special consideration. Four measures have been approved by Cabinet :-

- (i) The Associated Chambers of Manufactures of Australia, by agreement with the Government, has already begun to set up industry panels. These panels will cover all industries exposed to the risk of direct disability arising from devaluation abroad. They will be associated with the Department of Trade and Industry and will examine problems in individual industries with a view to advising the Government through the Minister for Trade and Industry.
- (ii) The existing Special Advisory Authority for manufacturing industries will be available to deal with emergency cases. The Authority will, if found necessary, be streamlined and strengthened. This Authority has power to act at once to recommend additional protection to meet any abnormal competition from imports which could include that resulting from the devaluation of other currencies. Action taken by the Authority is subject to review by the Tariff Board.

- (iii) A committee will be set up, consisting of Government officials and representatives of manufacturing industry and commerce, to investigate export problems which individual firms and industries might bring to it as a result of devaluation. Reports of this committee will, if necessary, be brought before a committee of the Cabinet, comprising the Minister for Trade and Industry, the Treasurer and the Minister for Labour and National Service.
- (iv) A new five-year Pay-roll Tax Export Incentive scheme has also been approved. The Export Development Council had offered advice on this matter. The new scheme will replace the existing one when it expires next year. The scheme will be more appropriate to current and prospective circumstances in encouraging exports of manufactures.

The Market Development Allowance income tax rebate will be set at 42.5 cents in the dollar, compared with 37.5 cents in the dollar under the existing scheme.

These new arrangements will begin on 1st July, 1968.

Further details will be announced by the Minister for Trade and Industry.

---

CANBERRA,  
15 December, 1967