

COMMONWEALTH OF AUSTRALIA

SPEECH

BY

The Rt Hon. W. McMAHON, M.P.
Prime Minister

ON

Relief of Non-Metropolitan Unemployment

Ministerial Statement

[From the 'Parliamentary Debates', 2 December 1971]

Mr McMAHON (Lowe—Prime Minister)—by leave—I wish to inform the House that I have written to each of the State Premiers seeking agreement to the introduction as soon as possible of a scheme of Commonwealth grants to the States for employment-creating activities in non-metropolitan areas where such action is desirable for social and economic reasons. The Government has been concerned, as I know the State governments have been, at the difficulties confronting some of our rural industries—wool, in particular—and the communities dependent on them. We are, of course, with the co-operation of the State governments, where appropriate, already providing massive assistance to the industries in question. Indeed, as the House will know, I have had correspondence recently with some of the Premiers on these matters and particularly on the problem of unemployment in non-metropolitan areas.

The Government is determined to meet and overcome the problems facing the rural industries that are in difficulty. But that will take time, and we believe that meanwhile there is a need to take temporary measures for the alleviation of unemployment in non-metropolitan areas, with the social problems associated with that. This is a particular aspect of the difficulties facing our rural populations and one which is of increasing concern to us.

Much of this non-metropolitan unemployment is of a structural kind and, therefore, requires particular rather than general economic measures to deal with it. As the health of the rural industries concerned improves, this will contribute over a period to the alleviation of non-metropolitan unemployment. The current rural reconstruction scheme and the retraining programme and rehabilitation assistance associated with it will make a useful contribution. But all these measures will take time to become fully effective and, in the meantime, the stubborn economic and social problem of rural unemployment seems likely to continue unless specific short term action is taken to deal with it.

Following my return from overseas the Treasurer (Mr Snedden) had discussions with me about this matter, and subsequently Cabinet has considered the problem and possible responses to it. A measure which we believe would have a quick and direct impact on the problem—but without significantly impeding the long term adjustments necessary to meet changing economic conditions in rural areas—is the provision of funds for employment-creating activities in affected non-metropolitan areas and I have written to the Premiers proposing a scheme of grants for this purpose.

The details of the scheme would, of course, be determined in consultation with the States. In broad terms, however, the Government envisages an arrangement providing for grants for employment-creating activities to be made to the States for the period up to 30th June 1973, subject to review after 30th June 1972 in the light of the then prevailing conditions.

The objective of the scheme would be to make a significant impact on the level of unemployment in non-metropolitan areas. Thus, grants would be made for the purpose of reimbursing expenditures on additional labour-intensive activities of a productive kind which might be undertaken by State, semi-government and local government authorities to provide employment for those unemployed in non-metropolitan areas. Recent grants made to some States under the drought relief arrangements to enable the employment of persons who were unemployed as a result of drought might be taken as a broad indication of the type of scheme the Government has in mind.

Obviously, since the details of the scheme remain to be settled with the Premiers, it is not possible at this time to put any precise figure on what the cost of the scheme might be in the balance of this financial year. Details will, of course, be given as soon as they can be worked out, and, on the assumption that the proposal will meet with the approval in principle of the Premiers, the Treasury will be moving speedily to arrange the necessary discussions between Commonwealth and State officials. The chief costs involved are, however, likely to be wage costs, plus some

lesser amount—perhaps up to 25 per cent of the total—for the purchase of materials and, perhaps, equipment. A figure of \$2m a month or thereabouts might approximate the kind of broad order of cost we have in mind but having said that, I must add that there are numerous uncertainties about such a figure at this stage. Much will depend not only on our discussion of the details with the States but on the extent to, and the speed with, which they can give effect to the proposals. In this latter regard I may mention also that we would envisage the Department of Labour and National Service being closely associated with the scheme at the ground roots level. But, for all the reasons I have indicated, we do not, at this stage, have a closed mind on the question of the precise amount to be provided during the balance of this financial year even though we have in mind something of the order already mentioned.

On the assumption that these proposals will be acceptable in principle to the Premiers we shall require to bring forward to the House early in the autumn session legislation to authorize the necessary grants to the States. Meanwhile, however, temporary arrangements will be made for the financing of the scheme in the interim. I believe that that would, in all the circumstances, meet with the approval of the House. This proposal, of course, demonstrates the Government's readiness to respond to changing circumstances. Designed as it is to meet the emerging social and economic problem of unemployment in non-metropolitan areas the scheme will, I believe, be warmly welcomed by the House and by the community at large.