

SPEECH BY THE PRIME MINISTER
THE HON. E.G. WHITLAM, Q.C., M.P.,
TO A DINNER OF THE AUSTRALIAN FARMERS' FEDERATION
HOTEL CANBERRA, TUESDAY 23 OCTOBER 1973

I WELCOME THIS OPPORTUNITY TO ADDRESS ONE OF THE LARGEST, MOST REPRESENTATIVE AND MOST RESPECTED PRIMARY PRODUCERS' ORGANISATIONS IN THIS COUNTRY.

ONE OF THE SIGNAL FEATURES OF YOUR FEDERATION - AND I FIND IT SPECIFIED IN YOUR CONSTITUTION - IS YOUR POLICY OF POLITICAL NEUTRALITY. YOU ARE AFFILIATED WITH NO POLITICAL PARTY OR SECTIONAL INTEREST. I GIVE YOU CREDIT FOR RECOGNISING THAT THE TRUE INTERESTS OF THE PRIMARY PRODUCER ARE NOT NECESSARILY SERVED BY THE POLITICAL FORCES MOST VOCAL, MOST STRIDENT, IN YOUR SUPPORT. YOU KNOW IT IS OFTEN SAID THAT WE IN THE LABOR PARTY ARE HOSTILE TO THE RURAL COMMUNITY: THAT LABOR IS A CITY-BASED PARTY DANCING TO THE TUNE OF POWER-HUNGRY UNIONS. THE FACT IS THAT LABOR IS NEITHER AN URBAN NOR A RURAL PARTY, BUT A NATIONAL PARTY. WE ARE A NATIONAL GOVERNMENT, GUIDED BY NATIONAL CONSIDERATIONS, AND DETERMINED TO PRODUCE A MORE OPEN, MORE EQUAL, MORE TOLERANT AND MORE PROSPEROUS SOCIETY THAN WE INHERITED FROM OUR PREDECESSORS. I WANT TO CONVINCING YOU THAT JUST AS THE GOVERNMENT'S INTERESTS ARE NATIONAL INTERESTS, SO YOUR INTERESTS, THE FARMERS' INTERESTS, DEPEND IN THE ULTIMATE ON A BROAD PERCEPTION OF THE NATIONAL GOOD.

HAS ANY COUNTRY, ANY STATE, EVER PROSPERED THROUGH A CONCENTRATION ON ONLY ONE SECTOR OF ITS PEOPLE OR INDUSTRY? WE USED TO BE OVERWHELMINGLY A PASTORAL ECONOMY; WE ARE A GREATER NATION TODAY BECAUSE OUR ECONOMY IS MIXED AND DIVERSIFIED. AND YOU, THE FARMERS, LIKE ALL AUSTRALIANS, HAVE BENEFITED FROM THIS GREATER STRENGTH AND DIVERSITY. YOU CAN SEE THIS BY LOOKING AT THE RURAL ECONOMY ITSELF. YOU ARE LESS DEPENDENT ON THE RANDOM FORTUNES OF ONE COMMODITY - WOOL. MANY A PASTORALIST HAS BEEN SAVED BY THE BUOYANCY OF THE CATTLE MARKET OR ONE OF OUR GRAIN MARKETS. TO ADAPT A FAMILIAR PHASE, WHAT IS GOOD FOR PRIMARY INDUSTRY IS GOOD FOR THE COUNTRY.

I CONFESS THAT NOTHING EXASPERATES ME MORE THAN THIS BASELESS ACCUSATION THAT LABOR IS AN ANTI-RURAL PARTY. THE LABOR GOVERNMENT RECONGISES THE GREAT CONTRIBUTION MADE BY THE RURAL SECTOR TO THE NATIONAL ECONOMY - AS A PROVIDER OF FOOD FOR OUR GROWING POPULATION, AS A PROVIDER OF LARGE EXPORT SURPLUSES EARNING VALUABLE FOREIGN EXCHANGE. RURAL EXPORTS LAST YEAR ACCOUNTED FOR MORE THAN 50% OF THE VALUE OF OUR EXPORT EARNINGS, DESPITE THE RISING CONTRIBUTION OF MANUFACTURED GOODS AND MINERALS TO THE TRADE BALANCE. ALTHOUGH THE RURAL POPULATION HAS DECLINED SUBSTANTIALLY IN THE POST-WAR PERIOD, WITH A LARGE DROP IN THE FARM WORKFORCE, THE PRODUCTIVITY OF AUSTRALIAN FARMERS HAS EASILY OFFSET THIS TREND. THROUGH GREATER INVESTMENT IN MACHINERY AND FERTILISERS, PRODUCTION HAS CONTINUED TO EXPAND EXCEPT IN YEARS OF DROUGHT. SO AUSTRALIAN FARMERS ARE EFFICIENT FARMERS, AUSTRALIA'S REPUTATION ABROAD, AS A TRADER IN PRIMARY PRODUCTS, IS HIGH. DOES ANYONE SERIOUSLY BELIEVE THAT WE IN THE LABOR PARTY CAN BE INDIFFERENT OR HOSTILE TO AN INDUSTRY AS VAST, AS EFFICIENT, AS PRODUCTIVE, AS ESSENTIAL AS YOURS?

IF WE LOOK BACK ON THE HISTORY OF PRIMARY INDUSTRY IN THIS COUNTRY, WE SEE ONE OUTSTANDING FEATURE. I PUT IT TO YOU THAT THE CHIEF CHARACTERISTIC OF YOUR INDUSTRY, WHATEVER GOVERNMENT IS IN POWER, IS ITS VULNERABILITY, MORE THAN ANY OTHER SECTOR OF THE ECONOMY YOU ARE SUBJECT TO UNPREDICTABLE AND IMponderable CIRCUMSTANCES. YOU ARE AT THE MERCY OF THE SEASONS, AT THE MERCY OF WORLD CURRENCY REALIGNMENTS, OF FLUCTUATING INTERNATIONAL MARKETS, GLUTS AND SHORTAGES. CAN YOU HONESTLY SAY THAT THE POLICIES PURSUED DURING 23 YEARS OF GOVERNMENT BY OUR OPPONENTS - BY YOUR SELF-PROCLAIMED POLITICAL ALLIES - HAVE REMOVED YOUR FUNDAMENTAL PROBLEMS OR GUARANTEED YOU ANY PERMANENT SECURITY AND PROSPERITY?

JUST THREE YEARS AGO, YOU WILL REMEMBER, FARM INCOMES IN THIS COUNTRY WERE THE LOWEST IN TERMS OF PURCHASING POWER SINCE 1944, WHEN DROUGHT AND WAR-TIME CONDITIONS PRODUCED A QUITE DRASTIC RURAL RECESSION. NO GOVERNMENT, OF COURSE, CAN GUARANTEE YOU IMMUNITY TO ACTS OF GOD OR TO INTERNATIONAL DEVELOPMENTS BEYOND OUR CONTROL. I MERELY SUGGEST THAT PAST GOVERNMENT POLICIES TOWARDS RURAL INDUSTRY HAVE NOT SOLVED YOUR UNDERLYING PROBLEMS, AND IN MANY CASES HAVE SERVED TO PERPETUATE THEM.

I GIVE YOU AN EXAMPLE. IN THE LAST 30 YEARS, GOVERNMENTS HAVE Poured SOME \$775 MILLION INTO THE DAIRY INDUSTRY BY WAY OF BOUNTIES. THESE BOUNTIES HAVE DONE NOTHING TO SOLVE THE INDUSTRY'S MAJOR PROBLEM - THE ADJUSTMENT OF FARM PRODUCTION LEVELS TO REALISTIC LOCAL AND OVERSEAS DEMAND. BY FAVOURING THE WEALTHIER PRODUCER AND THE RICHER DAIRYING STATES, THEY HAVE DONE LITTLE TO IMPROVE THE LOT OF SMALL DAIRY FARMERS, MANY OF WHOM ARE REPRESENTED IN YOUR FEDERATION. THIRTEEN YEARS AGO, AN INDEPENDENT COMMITTEE - APPOINTED BY OUR PREDECESSORS - UNANIMOUSLY RECOMMENDED THE ABOLITION OF THE DAIRY SUBSIDY. THAT RECOMMENDATION WAS IGNORED. WHAT BETTER TIME TO PHASE OUT THIS SUBSIDY THAN NOW, WHEN RETURNS IN THE MAJOR ALTERNATIVE ENTERPRISE - THAT OF BEEF PRODUCTION - ARE AT RECORD LEVELS, AND WHEN THE LONG-TERM PROSPECTS IN THAT INDUSTRY ARE REGARDED AS HIGHLY PROMISING? DON'T FORGET THAT IN CONSULTATION WITH THE INDUSTRY AND STATE AUTHORITIES, WE ARE EXAMINING THE BEST MEANS OF PROVIDING RE-ADJUSTMENT ASSISTANCE WHILE THE BOUNTIES ARE PHASED OUT.

I GIVE YOU ANOTHER EXAMPLE OF UNFAIR AND SELF-DEFEATING CONCESSIONS TO THE RURAL SECTOR. IN THE BUDGET THIS YEAR WE LOOKED CRITICALLY AT A NUMBER OF TAX CONCESSIONS RECEIVED BY FARMERS. WE FOUND THAT THESE CONCESSIONS MADE LITTLE REAL SENSE - FROM YOUR LONG-TERM POINT OF VIEW, OR FROM THE COMMUNITY'S POINT OF VIEW.

I REMIND YOU THAT A CONCESSION TO ONE GROUP OF TAXPAYERS CAN BE MADE ONLY AT THE EXPENSE OF TAXPAYERS GENERALLY; IT IS GOOD GOVERNMENT PRACTICE TO LOOK AT THESE THINGS CRITICALLY FROM TIME TO TIME. WE FOUND THAT SOME TAX CONCESSIONS FARMERS WERE RECEIVING WERE DESIGNED TO ENCOURAGE FARM INVESTMENT. THEY WERE INTRODUCED, IN THE MAIN, IN THE DECADE AFTER WORLD WAR II WHEN AUSTRALIA WAS CRITICALLY SHORT OF FOREIGN EXCHANGE RESERVES AND WHEN THERE WAS AN URGENT NATIONAL NEED TO EXPAND EXPORTS. CONDITIONS HAVE, OF COURSE, CHANGED DRAMATICALLY SINCE THEN. OUR EXPORT INCOMES ARE HIGH AND RISING; OUR INTERNATIONAL RESERVES ARE NEAR RECORD LEVELS - LEVELS UNDEARNT OF 3 OR 4 YEARS AGO. IN THESE VASTLY ALTERED CIRCUMSTANCES, ARTIFICIAL BOOSTS TO FARM INVESTMENT AND EXPORT PRODUCTION MAKE, QUITE SIMPLY, LITTLE OR NO ECONOMIC SENSE. THIS DOES NOT MEAN THAT WE CAN IGNORE THE VITAL IMPORTANCE OF ECONOMICALLY HEALTHY AND EFFICIENT INDUSTRIES. IT SIMPLY MEANS THAT IT NO LONGER PAYS US AS A NATION TO DEVELOP FARMS MORE RAPIDLY THAN IT WOULD PAY YOU YOURSELVES TO DEVELOP THEM.

IN THIS CONTEXT, IT IS IMPORTANT TO CONSIDER THE CURRENT HEALTH OF THE RURAL SECTOR. WORLD DEMAND HAS INCREASED SHARPLY FOR MOST OF AUSTRALIA'S EXPORT COMMODITIES, ESPECIALLY WOOL AND MEAT. THE BUREAU OF AGRICULTURAL ECONOMICS HAS ESTIMATED NET FARM INCOME IN 1972-73 AT A RECORD LEVEL OF \$1,880 MILLION, A RISE OF \$744 MILLION OVER THE YEAR BEFORE. PRELIMINARY ESTIMATES FOR 1973-74 SHOW A NET FARM INCOME OF \$2,865 MILLION, UP 52% OF 1972-73.

THE BUREAU'S PRELIMINARY ESTIMATE OF THE GROSS VALUE OF RURAL PRODUCTION IN 1973-74 IS A MASSIVE FIGURE OF \$6,110 MILLION - MORE THAN \$1,000 MILLION GREATER THAN THE PAST YEAR. AT THE SAME TIME THE RATE OF INCREASE IN RURAL DEBTS IS SLACKENING OFF, AND FARMERS ARE REPAYING THEIR EXISTING DEBTS MORE QUICKLY. HIGHER FARM INCOMES HAVE ENABLED MANY FARMERS TO REPAY THEIR DEBTS; AND THIS, COMBINED WITH BUOYANT AND RISING PRICES, HAS MADE THE FARMING COMMUNITY MORE PROSPEROUS TODAY THAN AT ANY TIME SINCE WORLD WAR II.

NOW I DON'T WANT TO MAKE TOO MUCH OF THIS. IN MANY WAYS IT IS FORTUITOUS, JUST AS YOUR RECENT RECESSION WAS FORTUITOUS; AND AS I HAVE ARGUED ALREADY, THE INHERENT CHARACTERISTIC OF YOUR INDUSTRY IS ITS PATTERN OF INSTABILITY. I SUGGEST, HOWEVER, THAT YOUR CURRENT OVERALL PROSPERITY PRESENTS A GOOD OPPORTUNITY TO MAKE FARMING MORE OF A COMMERCIAL ENTERPRISE, MORE VIABLE, MORE EFFICIENT, MORE SECURE, MORE FLEXIBLE AND RESPONSIVE TO MARKET TRENDS. WE ARE OPPOSED TO OPEN-ENDED COMMITMENTS WHICH PLACE NO LIMIT ON TREASURY ALLOCATIONS AND SUBSIDIES AND WHICH CAST THE FARMERS, IN THE EYES OF THE COMMUNITY AT LARGE, AS A MENDICANT CLASS, HEEDLESS OF SOUND BUSINESS PRACTICE AND DEPENDENT ON THE TAXPAYERS' CHARITY. I GIVE YOU MY ASSURANCE THAT THE GOVERNMENT WILL CONTINUE TO ASSIST PRIMARY INDUSTRY, BECAUSE YOUR CONTINUED PROSPERITY IS ESSENTIAL TO US ALL, BUT OUR ASSISTANCE WILL BE GEARED TO NATIONAL INTERESTS AND NEEDS.

THE GREAT INSTRUMENT FOR DIRECTING GOVERNMENT ASSISTANCE TO RURAL INDUSTRY WILL BE OUR INDUSTRY ASSISTANCE COMMISSION. AS YOU KNOW, THIS IS BEING SET UP - ON THE BASIS OF A REPORT FROM SIR JOHN CRAWFORD - IN ORDER TO SUBJECT CALLS FOR ASSISTANCE TO ALL INDUSTRIES, INCLUDING RURAL INDUSTRY, TO REGULAR INDEPENDENT AND PUBLIC SCRUTINY. IN THIS CONNECTION, I COMMEND THE FULL AND GENEROUS SUPPORT I HAVE RECEIVED FROM YOUR ORGANISATION ON THIS ISSUE. YOU RECOGNISED QUITE FRANKLY THAT SUCH A COMMISSION MIGHT, ON OCCASIONS, WORK AGAINST THE SHORT-TERM INTEREST OF ONE OF YOUR INDUSTRIES, BUT THAT REGULAR, INDEPENDENT PUBLIC SCRUTINY OF ALL ASSISTANCE PROPOSALS WILL, IN THE LONG RUN, BENEFIT MOST ECONOMIC PRODUCERS AND ALL OF US AS CONSUMERS AND AS TAXPAYERS.

THAT IS A REALISTIC AND SENSIBLE APPROACH, BUT IT IS NOT, I GATHER, THE APPROACH TAKEN BY THE COUNTRY PARTY. THEY SEEM TO THINK THEY KNOW BETTER THAN YOU, THE FARMERS, WHAT IS GOOD FOR THE FARMING COMMUNITY. THIS MAY NOT BE THE PLACE TO SPECULATE ON THE COUNTRY PARTY'S MOTIVES, BUT I MUST DISCOUNT THE SUGGESTION THAT THEIR APPROACH TO THIS MEASURE HAS ANYTHING TO DO WITH THEIR PLANS TO CONTEST CITY ELECTORATES. I CANNOT BELIEVE FOR A MOMENT THAT THEY ARE MORE INTERESTED IN WINNING SUPPORT AMONG CITY MANUFACTURERS THAN IN FURTHERING THE INTERESTS OF COUNTRY PEOPLE. I LEAVE THOSE QUESTIONS TO YOU, YOU KNOW THE COUNTRY PARTY BETTER THAN I DO. I NOTICE, HOWEVER, MR. ANTHONY'S STATEMENT THAT THE COMMISSION WILL USURP THE GOVERNMENT'S AUTHORITY.

HE SUGGESTS THAT THE COMMISSION WILL BE SO POWERFUL THAT NO GOVERNMENT WILL BE ABLE TO REJECT ITS ADVICE. COMING FROM A MEMBER OF GOVERNMENT THAT REJECTED ADVICE, AND CONCEALED ADVICE, ON INNUMERABLE OCCASIONS, I FIND THAT HARD TO ACCEPT. IT IS, OF COURSE, A FANTASY. IT IS INTENDED TO CREATE DOUBT AND UNCERTAINTY ABOUT PROPOSALS THAT ARE IN FACT QUITE CLEAR AND HAVE BEEN SPELT OUT IN OUR LEGISLATION IN PRECISE DETAIL.

THE HEART OF THE LEGISLATION IS THE SO-CALLED MANDATORY REFERENCE PROVISION. THIS REQUIRES THE GOVERNMENT TO REFER TO THE COMMISSION FOR INQUIRY AND REPORT ALL QUESTIONS OF ASSISTANCE TO A PARTICULAR PRIMARY OR SECONDARY INDUSTRY BEFORE TAKING ACTION TO PROVIDE SUCH ASSISTANCE. THE MANDATORY REFERENCE PROVISION PROVIDES A VITAL SAFEGUARD TO THE INTEGRITY OF THE GENERAL SYSTEM, WHEREBY THE GOVERNMENT DECIDES ON THE DIFFERENT AMOUNTS OF MONEY TO BE GIVEN TO PARTICULAR INDUSTRIES. IT ENSURES THAT THE SYSTEM FOR DISCRIMINATING BETWEEN DIFFERENT INDUSTRIES WILL BE OBJECTIVE AND IMPARTIAL. IN THE ABSENCE OF THIS PROVISION THERE WOULD BE VERY GREAT PRESSURE ON PARLIAMENTARIANS, AND IN PARTICULAR ON MINISTERS, TO HAVE LEVELS OF ASSISTANCE DECIDED BEHIND CLOSED DOORS WITHOUT PUBLIC INQUIRY, CONTRARY TO THE PRINCIPLES OF OPEN GOVERNMENT AND THE INTERESTS OF CONSUMERS.

THE MANDATORY PROVISION DOES NOT RESTRICT THE GOVERNMENT'S FREEDOM TO MAKE ACROSS-THE-BOARD ADJUSTMENTS OF TARIFFS AND OTHER ASSISTANCE, TO EXTEND PREFERENTIAL TREATMENT TO DEVELOPING COUNTRIES OR TO NEGOTIATE CHANGES IN LEVELS OF ASSISTANCE FOR THE PURPOSE OF INTERNATIONAL TRADE AGREEMENTS. IT DOES NOT RESTRICT THE GOVERNMENT'S ABILITY TO PROVIDE URGENT TEMPORARY FINANCIAL ASSISTANCE TO INDUSTRIES FOR PERIODS NOT EXCEEDING TWELVE MONTHS. THE GOVERNMENT WILL BE ABLE TO REFER TO THE COMMISSION THE QUESTION OF ASSISTANCE TO ANY AUSTRALIAN INDUSTRY, AND IN MAKING ITS INQUIRY THE COMMISSION WILL BE FREE TO CONSIDER AND REPORT ON ALL FORMS OF ASSISTANCE WHICH THE INDUSTRY IN QUESTION IS RECEIVING. IN CASES WHERE ASSISTANCE HAS BEEN UNCHANGED OR UNREVIEWED FOR AT LEAST SIX YEARS, THE COMMISSION WILL BE ABLE TO INITIATE INQUIRIES THIS WILL BE A SAFEGUARD AGAINST THE INDEFINITE CONTINUATION OF ASSISTANCE TO PARTICULAR INDUSTRIES AFTER IT IS NEEDED

I REMIND YOU THAT THE GOVERNMENT WILL STILL HAVE AVAILABLE TO IT SOURCES OF ADVICE OTHER THAN THE COMMISSION THIS ADVICE WILL COME FROM INDUSTRIES THEMSELVES, AND FROM INDUSTRY ASSOCIATIONS SUCH AS YOURS. IF THE ADVICE OF THE COMMISSION IS SO GOOD THAT IT CANNOT BE REJECTED. THEN THIS WILL SURELY BE IN THE INTERESTS OF THE NATION AS A WHOLE IF THE ADVICE IS NOT GOOD, IT SHOULD NOT BE VERY HARD TO REJECT. I MERELY WONDER WHETHER OUR OPPONENTS ARE INTERESTED IN GETTING GOOD ADVICE AT ALL.

ies

OUR LEGISLATION FOR THE INDUSTR. ASSISTANCE COMMISSION WILL NOT AFFECT OUR PLANS FOR RURAL RECONSTRUCTION. WE WILL, HOWEVER, BE GUIDED BY ADVICE FROM THE COMMISSION. AFTER A REVIEW OF THE RURAL RECONSTRUCTION SCHEME THIS YEAR, THE GOVERNMENT DECIDED TO CONTINUE THE SCHEME UNTIL 1976, BUT WITH MORE EMPHASIS BEING PLACED ON THE BUILD-UP OF UNECONOMIC FARM UNITS. MORE THAN \$47 MILLION WAS INCLUDED IN THE BUDGET FOR EXPENDITURE IN THE CURRENT FINANCIAL YEAR. AN IMPORTANT PART OF THE SCHEME IS THE REHABILITATION OF NEEDY FARMERS WHO WISH TO LEAVE THE LAND. THE DEPARTMENT OF PRIMARY INDUSTRY IS EXAMINING PROPOSALS FOR A MORE IMAGINATIVE AND CONSTRUCTIVE PROVISION IN THIS REGARD. SIMILARLY, THE FRUITGROWING RECONSTRUCTION SCHEME, WHICH IS DESIGNED TO HELP FRUITGROWERS IN FINANCIAL DIFFICULTIES TO REMOVE SOME OR ALL OF THEIR TREES AND EITHER LEAVE THE INDUSTRY OR PUT THEIR LAND TO AN ALTERNATIVE USE, HAS BEEN EXTENDED FOR ANOTHER YEAR AT AN ESTIMATED COST OF \$2 MILLION.

IN THIS CONTEXT, THERE IS ONE PARTICULAR BUDGET MEASURE THAT I WANT TO EXPLAIN TO YOU. AS YOU KNOW, WE DECIDED TO REMOVE THE EXEMPTION FROM SALES TAX ON CARBONATED SOFT-DRINKS CONTAINING 5% OR MORE OF AUSTRALIAN FRUIT JUICE. THIS DECISION WAS TAKEN BECAUSE SUCH EXEMPTION WAS THE WRONG INSTRUMENT FOR ENLARGING THE FRUITGROWER'S MARKET. ONLY A FRACTION OF THE \$23 MILLION A YEAR WHICH THE EXEMPTION COST THE GOVERNMENT WAS RETURNED TO THE GROWER. I ASSURE YOU THAT WHILE ABOLISHING THE EXEMPTION THE GOVERNMENT IS READY TO PROVIDE FUNDS TO ASSIST ANY SECTOR OF THE FRUITGROWING INDUSTRY THAT MAY BE ADVERSELY AFFECTED. THIS HELP WILL PROVIDE MORE LASTING BENEFIT THAN THE SALES-TAX EXEMPTION WHICH REQUIRES CONTINUING SUBVENTIONS BY THE TAXPAYER.

WE HAVE TAKEN OTHER MEASURES TO ASSIST RURAL INDUSTRIES. AN AMOUNT OF \$20 MILLION WAS PROVIDED IN THE BUDGET TO FACILITATE LONG-TERM RURAL LENDING BY THE COMMONWEALTH DEVELOPMENT BANK FOR A WIDER RANGE OF PURPOSES. THEY INCLUDE THE FINANCING OF FARM PURCHASES, REPAYMENT OF SHORT-TERM DEBTS IN APPROPRIATE CASES, AND ASSISTANCE IN CASES OF FINANCIAL DIFFICULTY ASSOCIATED WITH THE DEATH OF A FARM PROPRIETOR.

OUTSIDE THE BUDGET ITSELF, THE GOVERNMENT HAS TAKEN A WHOLE SERIES OF DECISIONS THAT WILL BENEFIT THE FARMER. IN OUR EARLY DAYS, WE SHOWED OURSELVES READY TO RESPOND TO THE URGENT NEED TO ENCOURAGE WHEAT PRODUCTION. WE NOT ONLY ACCEPTED A DELIVERY QUOTA OF 514 MILLION BUSHELS - THE HIGHEST ON RECORD - BUT ADDED A "FLOATING POOL" OF 20 MILLION BUSHELS ON TOP OF THAT, READY FOR ANY STATE THAT EXCEEDED ITS PORTION OF THE NATIONAL QUOTA. WE INCREASED THE FIRST ADVANCE PAYMENT ON WHEAT FROM \$1.10 TO \$1.20 A BUSHEL FOR THE NEXT HARVEST. THIS WAS THE FIRST INCREASE IN THE ADVANCE FOR 15 YEARS. WE HAVE ALSO AGREED TO AN IMMEDIATE PAYMENT OF A SECOND ADVANCE ON THE 1969-70 CROP. OUR INITIATIVES IN QUICKLY ESTABLISHING DIPLOMATIC RELATIONS WITH CHINA HAVE BEEN WELCOMED BY THE AUSTRALIAN WHEAT INDUSTRY. AS YOU KNOW, THE MINISTER FOR OVERSEAS TRADE, DR. JIM CAIRNS, RECENTLY ANNOUNCED OUR FIRST LONG-TERM WHEAT CONTRACT WITH CHINA. THE DEPARTMENT OF PRIMARY INDUSTRY IS NOW WORKING ON A NEW WHEAT STABILISATION PLAN TO REPLACE THE ONE-YEAR EXTENSION OF THE CURRENT PLAN. WE HOPE TO IMPROVE THE PROVISIONS FOR STABILISATION.

THEN THERE WERE OUR TARIFF CUTS. IN JULY 1973 THE GOVERNMENT REDUCED ALL TARIFF RATES BY 25% TO ALLOW IMPORTS TO ENTER AUSTRALIA MORE CHEAPLY. I BELIEVE PRIMARY PRODUCERS WILL REAP SIGNIFICANT BENEFITS FROM THE TARIFF CUT. IN PARTICULAR IT IS EXPECTED TO REDUCE THE PRICE OF A WIDE RANGE OF FARM MACHINERY. IT WILL REDUCE TO SOME EXTENT THE NEED FOR AN ADDITIONAL REVALUATION OF THE DOLLAR, AND WILL HELP PRIMARY PRODUCERS BY RESTRAINING THE RATE OF INFLATION AND HENCE THE COST OF LABOUR EMPLOYED IN PRIMARY INDUSTRY.

I ASK YOU TO REMEMBER THAT IN ANY PERIOD OF INFLATION THERE ARE DIFFICULT PROBLEMS FOR ALL DEMOCRATICALLY ELECTED GOVERNMENTS. IT IS NO ACCIDENT THAT THOSE IN CHARGE OF NATIONAL AFFAIRS DURING INFLATIONARY PERIODS OFTEN BECOME SOMEWHAT UNPOPULAR. TO ACT RESPONSIBLY THEY MUST REDUCE THE COMMUNITY'S LEVEL OF SPENDING IN ONE WAY OR ANOTHER. THEY MUST BRING IT CLOSER TO THE COMMUNITY'S CAPACITY TO PRODUCE - OR IMPORT - GOODS AND SERVICES. REDUCING ANYONE'S SPENDING IS NOT THE BEST WAY TO COURT POPULARITY - YET IT MUST BE DONE IN THE INTERESTS OF RESPONSIBLE ECONOMIC MANAGEMENT.

THE PRESENT INFLATIONARY PERIOD IS IN MANY WAYS REMINISCENT OF THE WOOL BOOM IN THE EARLY 1950'S, AT THAT TIME SIR ARTHUR FADDEN - THEN LEADER OF THE AUSTRALIAN COUNTRY PARTY AND TREASURER FOUND IT NECESSARY TO INTRODUCE THE WOOL SALES DEDUCTION TAX, UNDER WHICH 20% WAS DEDUCTED FROM EACH GRAZIER'S WOOL CHEQUE.

AS YOU MIGHT EXPECT, THIS DIDN'T MAKE ARTIE FADDEN THE MOST POPULAR MAN IN THE BUSH. I QUOTE FROM HIS AUTOBIOGRAPHY: "CRITICISM OF THIS DECISION ROLLED IN LIKE A TIDAL WAVE, BACKED BY HOSTILE RESOLUTIONS FROM BRANCHES, CANCELLED MEMBERSHIP SUBSCRIPTIONS AND DEMANDS FOR MY EXPULSION." I AM SOMETIMES RELIEVED THAT I BELONG TO SUCH A GENTLEMANLY BODY AS THE AUSTRALIAN LABOR PARTY.

I MENTION THESE MATTERS TO ILLUSTRATE MY POINT THAT DEMOCRATICALLY ELECTED GOVERNMENTS ARE SOMETIMES FORCED BY CIRCUMSTANCES TO TAKE UNPOPULAR DECISIONS - DECISIONS WHICH THEY BELIEVE TO BE IN THE BEST INTERESTS OF THE NATION. IT IS EASY, AT THE PRESENT TIME, TO DEPICT US AS AN ANTI-RURAL PARTY, TO CONCENTRATE ON THE UNPOPULAR DECISIONS WHICH WE HAVE FELT IT NECESSARY TO TAKE IN THE GENERAL INTEREST, AND TO CONVENIENTLY IGNORE THOSE THINGS WE HAVE DONE WHICH HAVE HELPED THE COUNTRYMAN.

AS A GOVERNMENT WE STAND READY TO HELP AUSTRALIANS WHO ARE SUFFERING MISFORTUNES WHERE EVER THEY MAY LIVE - ON FARMS, IN COUNTRY TOWNS OR IN THE CITIES. IF THE FARMING COMMUNITY IS AGAIN EXPOSED TO ECONOMIC HARDSHIPS WE WILL BE PREPARED TO PLAY OUR PART IN HELPING INDIVIDUALS TO MAKE THE BEST AND MOST RATIONAL CHOICES AND, IF NECESSARY, CUSHION THEM AGAINST ECONOMIC ADVERSITY. WE HAVE ALWAYS VOTED FOR SUCH POLICIES WHEN WE WERE IN OPPOSITION; WE WILL ADOPT THEM IF NECESSARY NOW THAT WE FORM THE GOVERNMENT. IN FEBRUARY THIS YEAR WE ANNOUNCED PROPOSALS COSTING \$10 MILLION TO HELP CHILDREN IN ISOLATED RURAL AREAS UNDERTAKE PRIMARY AND SECONDARY SCHOOLING.

PERHAPS I CAN SUM UP MY GOVERNMENT'S BROAD INTENTIONS BY QUOTING A STATEMENT BY THE AUSTRALIAN WOOLGROWERS' AND GRAZIERS' COUNCIL. THE COUNCIL HAD THIS TO SAY: "THE MOST IMPORTANT LONG-TERM STEP THE GOVERNMENT CAN TAKE IS TO IMPROVE THE EFFICIENCY OF NATIONAL RESOURCE ALLOCATION BY ENCOURAGING THE EXPANSION OF LESS PROTECTED INDUSTRIES IN THE ECONOMY (WHETHER PRIMARY OR SECONDARY) AND DISCOURAGING THE GROWTH OF THOSE INDUSTRIES WHICH CAN ONLY PRODUCE WITH THE HELP OF MASSIVE LEVELS OF ASSISTANCE EITHER SUBSIDY OR TARIFF. THIS WILL INCREASE THE LEVEL OF REAL ECONOMIC GROWTH FOR THE BETTERMENT OF THE WHOLE COMMUNITY."

I SUGGEST THAT THE GOVERNMENT, IN THE INTERESTS OF THE COMMUNITY AS A WHOLE, IS DOING JUST WHAT THE WOOLGROWERS' AND GRAZIERS' COUNCIL SUGGESTED. I BELIEVE THAT OUR POLICIES WILL BENEFIT, NOT ONLY THE GREAT FARMING COMMUNITY OF THIS NATION, BUT THE AUSTRALIAN PEOPLE AS A WHOLE.

-0-0-0-0-0-0-0-