

M. G. D.



PRIME MINISTER

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ELECTORAL TALK

The interests of all Australians will be best served only if our rural communities are sound and thriving.

Clearly, our national social and economic goals will be also best advanced if our primary producers are working in a climate of stability and confidence.

This week the Government received some good news about the Australian beef industry.

After two long years of low prices, instability and sluggish demand, the cattle industry can now look confidently ahead to a period of strengthening prices and increased demand.

As announced in the Parliament this week, the Government has negotiated with the United States for a starting quota of almost 8,000 tons more than we had in the previous year. With the shortfall we will receive during the year the quota will almost certainly exceed last year.

The Japanese have also announced that they will accept 45,000 tons in the current six months. This compares with the 40,000 tons they took for the whole of 1975. The Government believes that the quota for the other half of the year will be even larger.

The Japanese decision to announce quotas on a six month basis is good news for the industry.

There is little doubt that six monthly quotas will add a stability and predictability to the trade which has been missing since Japan reopened its market to imports. Since the market was reopened in June last year quota announcements were irregular and created planning difficulties for producers and exporters. That should now be overcome.

Further, the Canadian Government have also removed the global quotas they had on meat imports. This should allow Australia to greatly exceed the 28,000 tons we sold to them last year.

The Soviet Union has also shown encouraging interest in making significant purchases. In fact, it has recently brought 10,000 tons from New Zealand. We expect success in this area soon.

There are many smaller markets for beef - particularly in countries such as Sweden, Hong Kong, Taiwan and the Middle East - which are also indicating greater interest in our beef.

On the debit side, the European Economic Community still has a virtual embargo on imports. The Government, however, will continue to vigorously seek access to that important market.

The figures released this week by the Bureau of Agricultural Economics put the state of the beef export industry in perspective.

The Bureau expects our export sales this year to top \$507 million. This is a 57 percent increase over the \$323 million figure for last year.

Summing up, the beef industry in Australia can look to a brighter future, mainly because of the efforts of our exporters, better market conditions and successful Government negotiation.

The dairy industry, however, is still reeling from the highly unsympathetic attitude of the former Labor Government.

The industry's grave problems - which are particularly critical in Victoria - have been made much worse by domestic production cost inflation. This inflation has reduced the marginal profitability of many thousands of Australian dairy farmers.

This cost inflation, together with the protracted slump in the world market for skim milk powder and casein has created severe liquidity problems for the dairy industry.

In an effort to overcome this particular situation, I with my colleague, Ian Sinclair, have held talks with the State Governments about a scheme to put a floor into the market for exported dairy products.

The Federal Government has offered each State the underwriting guarantee of \$300 per tonne for skim milk powder. The Federal Government will contribute two thirds of this amount.

Additionally, my Government will make available \$2 million in cooperation with the States for dairy adjustment under rural reconstruction. This amount is on top of the \$1.5 million promised by the former administration for dairy adjustment.

I believe there is a strong and continuing need for rural reconstruction.

The Government intends to make sure that dairy farmers caught in the income squeeze are entitled to all the social welfare benefits to which every other Australian is entitled.

There are significant pockets in the dairy industry where the average family income is way below the average income in Australia.

The Henderson report on poverty indicated significant areas of rural poverty. The Government has a commitment to attack poverty in the cities - it has an equal commitment to attack poverty where it exists in the countryside.

It is clear that the dairy industry needs specialist assistance. To this end the Government has commissioned one of Australia's, and the world's, most distinguished agricultural economists to report as soon as possible on future policy options for the dairy industry.

The economist is Sir John Crawford, the former head of the Department of Trade and the Department of Primary Industry, who is widely recognised for his studies on the rural economy.

We have asked Sir John to report to us as an Industries Assistance Commissioner on what additional steps can be taken to relieve the industry's problems.

Finally, I want to make it clear that the Government sees both city and country dwellers as Australians with equal rights and equal opportunities.

We have been concerned with the divisions between the city and country provoked over the three years of Labor rule. This led to uncertainty amongst primary producers and contributed to the rural economic recessions.

This Government will not allow that to happen again.

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