

P.M.

Inaudible

If all sections of the community could adopt an equivalent attitude, I think we would work our way out of our difficulties very quickly indeed.

The last few years and still the present, are obviously difficult for rural industries. National prosperity can't be built on a declining rural sector; on a rural sector that is not adequately profitable. It can't be built if the manufacturing industry isn't adequately profitable. All industries and all Australians are basically independent. The message from that address as I would understand it is that there is a basic unity within the Australian nation and all sections are, to some extent, dependent upon other sections in the Australian community. It is no good believing there will be prosperity in the factories and the cities unless there is also prosperity in the country side.

We have had to give priority in our economic policies, as you know to attacking inflation. Without that we won't be able to restore profitability and both are essential for rural industries.

In the wider community unless we successfully attack inflation, there won't be adequate jobs for people in Australia who want to work. Nothing destroys the incentive to invest for industries to advance more quickly than the kind of inflation that we have had over the past two or three years.

In the months since the election we have brought Government spending under control and as you know, in the May statement, we have knocked off over \$2,500 million in the estimates of expenditure. We ended up with a growth of 11% in the Commonwealth budget. It is worth noting that in all the states there was a much more significant growth in their budgetary expenditures than that. Some states still spent 19% more this year than last year. States have still tried to come to us and say they haven't got enough resources. They have really got enough resources. It is a question of their own priorities. If some states want to have the abolition of probate duties which is something most of us probably hate - the probate duties not the abolition - a higher priority than other matters, then that is a matter for the state. But they can't pick up their own high priority matters and then come to us for the matters they put at the bottom of their list of priorities.

The growth in their budgets has been significantly greater than ours.

In this question of bringing expenditure under control, I think it is also worth just recalling for a moment what we have done for local government. There, the increase is 75% and up to \$140 million and that was the largest increase in our budget and for a very deliberate purpose. We believe that there would be too great a burden on rate payers in many parts of Australia, especially in rural areas and we hope that local government authorities would use these funds at the very minimum, to hold rates steady. Hopefully, even to reduce rates. I find that in some parts of Tasmania, local government authorities have

increased rates by 20% in rural areas still in a time such as this

I find that very hard to understand because the rate payers can't stand these kinds of increases and all spheres of government have got to understand also that they can't go on spending more and more of other peoples incomes - more in real terms each year - especially when our gross national production is static, or as it was under the last year or two of Labor, actually declining. That is what creates the squeeze in the private sector. That is what creates the squeeze on farmers.

When people come to us as they have on one or two occasions, and said what can they do about local government that has put up rates when they should hold them steady or even better reduce them. There is a short answer of course because the local government councils who makes these decisions are elected councils and they have to come up for re-election. Therefore, I would think it would be in the hands of rate payers themselves to determine what they can do for councils who will not exercise restraint in their own expenditure. I say that knowing quite well that there are demands on local government that are important and have to be met. At the same time the increasing funds made available this year was creating an opportunity to local government to relieve the burden on their own constituents and I believe they ought to do it.

In our own efforts to reduce expenditure, by the end of this year, the Public Service will be over 25000 less than it would have been under the guidelines operating under our predecessors. I think that is a significant decrease. It is probably the first time for 25 or 26 years in which there has been an actual decrease. It has been a slow and steady increase in the size of the Service since November last year.

We have undertaken significant reforms in the Federal system and I have spoken of these in relation to the states and also in relation to local government.

We have fully indexed personal taxes. This doesn't just apply to this year, it applies again on the first of July next year and every year thereafter so it stops the unlegislated tax increase that comes with inflation. The effect of it of course is less, if inflation is less, as I hope it will be, as it must be, but nevertheless there is a continuing benefit in that particular legislation. It will require governments to be honest. On other fronts we have legislated for secret postal ballots in union elections. More and more unions are coming to conduct, as they now must, their elections in those ways.

We have undertaken specific measures expressing our concern with the limits of the funds available to us for rural industries. The investment allowance applies to a large part of purchases for rural industries. I know it doesn't help very greatly, the farmers who haven't got an income but nevertheless the allowance is there and for some rural industries it is of significant assistance.

The reserve price for wool has increased on the new basis of and average 275cents a kilo on the old method of measuring the reserve price. - the market price is strong at the moment - to provide longer term stability, we said that that would apply as a minimum, not only for this year, but also for next year. Obviously we would hope to be in a position to be able to review that in the manner in which Australia would want for the next season. At least if it is established a minimum over a two year period. I believe that indicates confidence in the

industry which is in some degree a contrast with earlier attempts to reduce the floor price at a time when it was just starting to regain some confidence, that a move by the Government of the day which damaged confidence in the industry, for probably the following six or nine months. That I hope is past.

We are pressing to get the legislation of income equalization deposit scheme introduced and passed in this session. There may be some drafting problems in relation to that but I believe we can do it. That scheme will at least apply to this years income.

The negotiations and discussions for the establishment of a rural bank are proceeding and there is no doubt that that bank is going to be established. We hope that existing banks in this position will want to be involved in it with us but if they don't the rural bank will be established in any case. I would like to issue a slight note of warning in relation to the rural bank. I suspect that some people think that it will solve all problems. It can solve some longer term problems where longer term finance is needed. We have also said it will be available for the purchase of producers equipment instead of having to go to hire purchase terms. It is not going to solve the problem unless there are adequate prices for the product the farmers have to sell. That is basic to the whole operation.

The other thing can help and help quite considerably but they can't overcome the basic situation if the return to producers is inadequate.

There have been measures to help the beef industry in rural reconstruction and there is no need I think for me to detail these.

We are hopeful in the longer term and I can't place a time on it, that the markets in Europe will open again for beef. Also that markets in Japan will expand. This is going to take a pressing because they have got their own domestic beef lobby as we well know.

In the United States we are in the middle of an argument at the present time because they are caught in a situation shortly before an election where immense pressure is being brought by their own beef lobby and where the problem basically has been caused not by anything Australia has done .

The problems are caused largely by imports from Canada - imports into the United States.

I think you probably know what has happened over the course of this year. The Americans have got a practice of having pre paid zones and beef was coming in through and Australian beef was been used for processing and entry into the United States. This was legal. It was within United States law. Indeed, an attempt was made at some stage in the United States to make it unlawful for that entry to come in and Congress wouldn't buy it. To relieve the United States of pressure we said we wouldn't ship more beef throughafter September 10. That again was a voluntary action of ours. One that was within the law and one that didn't have to be taken. We have done what we can to assist them with that particular problem out of their own law or lack of will to take action against beef in But the real problem has come from Canada. Canada has always refused to be part of a - voluntary restraint arrangement into the United States. What they have always done is pencil in the amount of beef they think will come from Canada. This year they pencilled in 50 to

60 million pounds. It looks as if imports from Canada will be about 100 million pounds and that is about the extent of the United States problem for this import year to them. What we have been pressing obviously is that the quotas issued at the beginning of the year should remain and there should be no reduction in those quotas. It has also been put in the strongest possible terms that any discriminatory action against any one country would not be something that the Australian Government or people would be able to understand. At one stage some of their officials were suggesting that the nice way to overcome the problem was for Australia alone to voluntarily agree to reduce its quota significantly below the amount that had been allotted to us. In other words Australia was being expected to solve the problem caused by Canada and that was quite unacceptable to Doug Anthony and myself and the whole of the government. I am sure it would have been quite unacceptable to all of you.

What decisions they make about these matters I can't tell. All I can say is, that I have been in direct touch with the President twice; once to Doug Anthony when he was acting for me a few days ago; and on my own return I have also spoken to the Embassy and our officials in the United States are pressing the Australian case as strongly as a case can be put. It is obviously a matter of significant importance to beef producers over the next few weeks. We have widened the support that is available for drought in drought assistance.

We have joined in the contemplation of the slaughter of cattle which is a solution to our problems that I don't like but in certain circumstances a number of states asked us to support that programme in this way and we have done it.

I think there is some misunderstanding about the nature of the government's support for drought relief. There has always been a circumstance in which states meet a certain basic expenditure which hasn't been ordered for about 15 years, so with inflation it doesn't bear much relationship to their own budgetary capacities. They meet all the expenditure on agreed items up to that base amount and after that we pick up the total expenditure and go on picking it up without limit. The states objected to this saying that it was unfair that they had to meet the expenditure up to a base amount. So we said if you don't like that arrangement we will go dollar for dollar with you from the first dollar spent. They have either choice, I think they are going to stay with the old arrangement. The widening of the drought assistance is reasonably forthcoming and if there are new measures proposed that need to be examined they will be promptly.

The superphosphate bounty has been continued and the IAC recommended that it be continued. I think that struck some of us with a degree of surprise in view of past history but nevertheless the IAC on that particular incident made what I certainly believe to be the appropriate and right decision. I think that some other farmers believe it is the right decision.

There are acute problems of apple and pear industry that we

know and measures have been taken by the government to try and ease the burden in that particular area. Again a solution that we don't like to problems. We have eased the eligibility provision so that farmers can get unemployment assistance and in certain circumstances I think that has been quite essential. I think it is quite wrong that every other group in the Australian community could be eligible for unemployment assistance but a farmer, because he was living on his farm even if he presently didn't have work to do, was ineligible.

Farmers in that kind of circumstance also of course are particularly benefited from the new system of family allowances. If you look at the percentage of people in low incomes and in a number of primary industries, they would not have been able to have benefited from the family rebates. Their incomes just wouldn't have been high enough to get that benefit. The new system of family allowances makes sure that that family will benefit.

But we don't look to measures of that kind obviously as being more than a short term assistance because the objective is to move rural industries into a situation in which they can be profitable and adequately stand on their own feet with appropriate support and assistance and appropriate policies from government to enable that to occur.

General economic recovery is critical to achieving that objective. The economy is recovering. Indicators are obviously mixed at this stage. After the events of the last two or three years, the recovery is clearly going to be slow. It is very easy to jam an ocean liner onto the rocks but not so easy to get that ocean liner off the rocks and sailing properly with all systems working well. We never said it would be quick before the elections. We said it would take the full three years to get the economy where we thought it ought to be. The Government has great confidence in the future of Australia's rural industry and it will be seeking to take its part and make sure that it is a viable and prosperous and happy future working in partnership with Australia's rural industries - I am sure together we can achieve that.

Mr President, the spirit within the spirit of that paragraph of your speech, your address that you read out, I have no doubt about the outcome.

Gentlemen, I have great pleasure in declaring this conference open.