



PRIME MINISTER

FOR PRESS

19 FEBRUARY 1977

REGIONAL LIBERAL PARTY CONVENTION - ALBURY-WODONGA

We have been having an interesting week in Canberra. The Labor Opposition, as usual, revived during the Christmas recess and expired on the first day of sitting. But it must be said that they worked hard over Christmas - just before Parliament resumed, they put forward a new plan.

If Labor has done nothing else, they have earned their self proclaimed label as the party of planners. On the economic side, we have had the Hawke plan, the Whitlam plan, the Wran plan - and just a few days before the opening of Parliament, the Hurford Plan was unveiled.

A plan in which the Shadow Treasurer promised to cure the ills his party had brought upon Australia by repeating all of the mistakes of the Labor years.

At least he had the good grace to tell everyone that his plan threatened to prolong inflation.

Mr Whitlam told us in a television interview 11 days ago that the Labor Government panicked in 1974.

"Of course we panicked," he said. "The Cabinet panicked, the Caucus did. They did in the last three months of 1974."

Why did they panic? It was because of the tragic effects of the 1974 budget - the budget which contributed so greatly to present inflation and unemployment.

Labor's solution then was to spend up big - Government outlays rose by 46 percent in a single year. The deficit rose by \$293 million to \$2,600 million - a nine-fold increase. Unemployment more than trebled.

The Hurford plan now put forward makes precisely the same errors again. Government spending would rise; the deficit would rise; inflation would rise; unemployment would rise. Clearly Labor is panicking again.

The Government is determined to break the inflationary spiral. In this fight, which closely affects every Australian, we are going to stick to our guns.

Inflation hits all sections of the community, but none harder than the rural producer who must pay increased prices while having little or no influence on prices he receives. He has been caught in the vice of rapidly rising costs, and often difficult or depressed markets combined with adverse seasonal conditions.

In the three years ended 30 June 1976, prices paid by farmers rose by 76 percent. During the same period, prices received rose by only 7 percent. The solution to this problem lies in a combination of factors: the resources, skill, initiative and stamina of the producer himself; improved prices in external markets; sympathetic government action, and favourable seasonal conditions.

You all remember the so-called rural policy of the last Government, Labor attacked the rural sector on all fronts. There was the Coombs Task force, the abolition of the bounty on superphosphate, and the attempted reduction of the wool reserve price by 20 percent.

Yet the then Prime Minister had the gall to tell the audience at an agricultural show in February 1974 - "You have never had it so good."

As Alan Reid, in his book "The Whitlam Venture" aptly summed up the position: "Country dwellers were given justification for believing that Whitlam's advisers, and among them advisers on whom he leaned heavily, were not only indifferent but hostile to the rural sector."

The policies of the present Government stand in sharp contrast to those of Labor. The Government has formulated policies for the benefit of the whole of our community, recognising the close interdependence between the urban and rural communities.

Let us look briefly at some of those policies that have particularly affected the rural sector.

1. Income Equalisations Deposit Scheme

This scheme supplements the existing provisions for averaging incomes. It should greatly assist primary producers by providing a flexible method of evening out fluctuations in farm incomes.

The scheme will enable them better to withstand natural disasters and years of unusually poor returns. The aim of I.E.D.'s is to allow primary producers in those years in which return are higher than expected because of unusual seasonal or market circumstances to put aside income for the years when adverse circumstances apply.

The scheme is particularly helpful when a producer receives unusually high income at one time from forced sales and insurance proceeds arising from a natural disaster like that recently experienced in Victoria.

The scheme was recommended by the Industries Assistance Commission and should prove of substantial assistance to a great number of primary producers.

Yet, despite the fact that the report originated from the IAC, Mr Whitlam in Parliament last Tuesday scornfully dismissed the scheme as "the latest lurk for Pitt and Collins Street farmers". Mr Whitlam's view of the rural community, it is clear, remains unaltered.

The other recommendations of the IAC regarding averaging of incomes have not been rejected by the Government and remain under review.

2. Other Taxation Reforms

A number of other taxation and duty reforms have been introduced which should substantially benefit the primary producer. Tax indexation is an historic reform. All taxpayers will benefit saving this year a total of \$1050 million. Next year the amount of tax foregone by the Government will be even greater. To the rural producer tax indexation constitutes a significant boost to after-tax income. The investment allowances provided a much needed boost to private investment. The requirement for distribution of profits by private companies has been eased. Estate duty relief has been introduced for cases where an interest in an estate passes to a surviving spouse.

3. Devaluation

Our decision to devalue on 28 November last year helped primary producers considerably. 55 percent of primary production is exported; devaluation helped regain our competitiveness on world markets and will boost farm incomes.

Devaluation also brought forward some major resource projects and greatly assisted the mining industry, particularly those producers whose sales contracts are written in United States dollars.

The advantages of devaluation are many and can bring great rewards, but there are also dangers if the other arms of economic policy are relaxed. We intend to retain the benefits of devaluation by making the appropriate adjustments in other arms of policy to ensure that our overriding commitment to attain a fall in inflation is achieved.

There have also been a substantial number of initiatives made in particular rural industries.

Today I shall mention just three.

The beef industry has been facing extremely difficult times. The plight of many beef growers is recognised by the Government in its provision in the last budget of a further \$15 million to be made available for carry-on loan assistance to be jointly financed with the States. Conditions of these loans have been liberalised to enable producers who had already obtained finance to apply once again.

The Government has also suspended the meat export inspection charge and is contributing in excess of \$10 million for the tuberculosis and burcellosis eradication campaign.

The best indicator for future prosperity in this industry is the number of recent breakthroughs made in achieving market access, particularly in Japan, the U.S.A., the E.E.C., the Soviet Union and the Eastern bloc.

The recent Australia-Japan Ministerial Committee meeting in Tokyo resulted in a supplementary quota of 15,000 tonnes for the second half of this fiscal year; a special additional quota of 5,000 tonnes boiled beef and beef for Japan's school lunch programme; an undertaking by the Japanese officials to endeavour to announce the quota for the next six months as soon as possible after 1 April.

Negotiations have also led to an increase of 9,000 tonnes in our entitlement in the U.S. market for 1977, and a probable sale of about 100,000 tonnes of beef to the Soviet Union.

The prospects this year are for record meat sales. The abattoirs will be at or near full capacity - and we look to the meat employee unions to ensure that the abattoirs are worked at full capacity.

Wheat growers have had a less difficult period, although total production this year will be slightly down. The first advance on wheat for 1976/77 has been increased 20 percent to \$66 per tonne. The home consumption price for wheat has been increased by \$6 per tonne.

For the 1976/77 season for wool the Government initially guaranteed a minimum reserve price for 234 cents per kilogram clean clip average, a rise of 14 percent. At that time the Government also undertook to retain not less than such minimum price throughout the 1977/78 season.

This has given a greater measure of stability to the industry and has facilitated forward planning and investment decisions.

After the devaluation in November, the minimum reserve price was raised to 284 cents to give growers the full benefit of devaluation. There has been continued strength in the wool market and the present price of 322 cents is well above the reserve price.

These are but a few of the initiatives introduced by the Government since taking office. They are indicative of the deep concern felt by the Government at the shoddy treatment given to rural producers by the Labor Government, and the steps taken to correct the distortions which had occurred under Labor. Further initiatives concerning the rural sector are under consideration at the moment.

For example, the Government is committed to the establishment of a rural bank to provide long term finance and specialist services to the rural community.

The Government has already accepted a broadening of the role of the River Murray Commission with regard to water quality in the Murray, and with the three states concerned, will examine proposals

to be put forward by the Commission for increasing its role in the management of the Murray system.

The Liberal Party Federal Rural Committee and the Government Backbench Rural Committee greatly assist us in our continual review of policies for the rural sector.

I take this opportunity to commend the work of my colleague Wal Fife, the Member for Farrer, who is an active member of both those committees.

Two other matters of importance were announced this week - the referenda to amend the Constitution and the redistribution. Bills are now before Parliament which seek to make four amendments to the Australian Constitution. All four arise out of decisions reached at the Hobart Constitutional Convention.

These proposals are: that Senate elections be held at the same time as elections for the House of Representatives. That any casual vacancy in the Senate be filled by a person of the same political party as the Senator originally elected and for the balance of his term. That there be a retirement age for judges of all Federal courts, and that voters in the Territories be entitled to vote at referendums to alter the Constitution.

All four bills passed the House of Representatives this week without a single dissenting voice. Assuming the bills are passed by the Senate, referendums will be held on 21 May to seek voters' approval for these changes. It appears that each of the proposals will enjoy the support of all parties.

If members of the Liberal Party actively support these fair and equitable constitutional amendments - as I am sure you will - I am confident that the referendums will be successful.

The Government is also taking the opportunity to enable the Australian voters to choose a new national song. In view of the prolonged debate over the relative merits of "God Save The Queen", "Waltzing Matilda", "Song of Australia", and "Advance Australia Fair", this approach seems to me to be the only fair method of resolving this matter once and for all.

The Government has made it clear, however, that "God Save The Queen" will be retained for all Regal and Vice-Regal occasions.

The redistribution which was announced this week has become necessary at this time, because of the grave imbalance in numbers of voters between differing electorates, and because of the need to implement recent High Court decisions.

The coalition parties, to the great chagrin of Labor, quickly reached agreement on this issue. The present provisions whereby enrolments in electorates may not vary by more than 10 percent from the quota will be retained. The Government was concerned to avoid the inequity of very large electorates having more voters than small city electorates.

The redistribution which was proposed by Labor in 1975 and rejected by the Senate did so provide the proposed seat of Doncaster - Templestowe was to have had 59,000 voters whereas the huge electorate of Mallee was to have had 66,000 electors on the roll.

The greater difficulty for a member of Parliament in adequately serving a very large electorate is self-evident. In order to avoid this inequity, the relevant legislation will be amended to provide that no electorate of more than 5000 square kilometres can have more voters than an electorate of less than 5000 kilometres.

The rapid agreement reached between the Liberal and National Country Parties is a good example of harmonious relationships at work within the coalition and is a triumph for common sense.

Mr Chairman, I am delighted to have had an opportunity to speak to this Convention today in Albury-Wodonga. This is a centre which, as the results of the last census indicate, is growing rapidly. Over the past five years, Albury-Wodonga has increased in size by over 8,000 people or 18.1 percent.

This can be compared with Sydney and Melbourne which only grew by 2.9 percent and 4.1 percent respectively over the same period.

The Government has confirmed its commitment to the development of Albury-Wodonga by making available a further \$6 million to the Albury-Wodonga Development Corporation in addition to the initial allocation of \$15 million in the last budget.

We now look to private investors and to the two state governments to show an equal commitment. If such a commitment is forthcoming, the future of Albury-Wodonga seems assured.

Not only the rural community but the entire community has been through a most difficult period. When we were elected, we said it would take three years to sort out the economic mess we inherited from Labor. There are now signs of recovery, encouraging signs. But there is more to be done - and more will be done by the Government to ensure that full recovery is achieved. In this we need your full support. I know you will not let us down. I am confident that the Government will not let you down.

000ooo000