

PRIME MINISTER'S ADDRESS TO THE INAUGURAL MEETING OF THE
NATIONAL FARMER'S FEDERATION, CANBERRA.

It certainly gives me a very real amount of pleasure today to open this new national farming organisation conference.

The amalgamation of farming youth organisations has been debated amongst different organisations in different States for many, many years. I think it was way back in the Second War that one organisation was formed, designed to be one major, united organisation. But, of course, it was starting from scratch. There were many existing traditional organisations in being which had no intention of going out of business. So, that particular operation just added one more organisation to the ranks of producer groups.

But, now, you have achieved a very great deal. A number of organisations that have served Australia very well over the time are going out of business, and you are forming one new major Farmers' Federation.

I have always believed, both as a farmer and as a politician, that farmers and pastoralists need to speak with a strong voice. You can deal with government much better if that is so. You can do it so much better if you are speaking with one voice rather than with two or three or four divided voices. So, I welcome very much what you have achieved.

In want to speak for a few moments, not only about the position of rural industries as I see it, but about Australia, and Australia's wider place in the world. Firstly, I would like to try and get Australia's position in perspective. So often press comment goes widely with the swings of the pendulum. In January and February of this year there were so many optimistic forecasts about 1979 and beyond that some people were almost saying, "There are no problems left, the Government has done its job, recovery is with us, that is the end of it". Well of course it is never as good as that. But then it was certainly not as bad as those same commentators were saying in April and May in this year when there were some shifts in monetary policy, there were some changes that the government had to introduce. The euphoria of January and February changed to what appeared to be, from the Government's point of view, a totally unjustified gloom later on in the autumn.

We do need to get a sense of balance and a sense of perspective in these particular matters, so that we can really understand the nature of policy, where Australia is going, and what our national objectives truly may be.

Now, what is the position today? As a result of Government

policies, as a result of decisions, Australia is more competitive than she has been for many, many years. The first major decision that started to bring that about was the devaluation two or three years ago. But then, what did the commentators say about that? Some of them said, "madness, stupidity". But no single act of the government, I think, has proved more right than that particular devaluation and the way in which the management of the exchange rate has been conducted since.

It has been a material factor, coupled with the control of inflation, and seeing that there are reasonable returns for Australia's primary industries. It has also been a material factor to enable the manufacturing industry to get a better share of the local market and to move out into export markets in a fashion that they just have not been able to achieve for many years.

The balance of payments is now stronger than it has been for a long while. Since February, private capital inflow has been well over \$1,000 million. In the eight months to February, export prices rose almost twice as fast as import prices, and that again, is good for Australia, and for Australia's exporters.

Next year, our expectations are continued, reasonable returns for Australia's primary producers. In beef sale yard prices are $2\frac{1}{2}$ to 3 times of those of a year ago. In wheat prices we had a record crop last year. There are continuing high export prices and there has been a larger area planted again this year. So, granted reasonable seasons, which some Premiers may claim to be able to control but the Commonwealth does not claim to be able to control, granted these reasonable seasons the wheat industry should also be in a very good position throughout the course of this coming year.

The wool industry is looking to the future with confidence and strength. Remember when about five or six years ago, the very time government actions were needed to restore confidence and strength in the wool market, the government of the day pulled the floor out and reduced the floor by 50¢. That did not survive. I think it is the first time I noted a demonstration by farmers outside the front of Parliament House. The cry from Australia and around the world secured the reverse of that decision. Over recent years, the floor has been steadily increased and reserves are now lower than they have been for a long while. The market is strong and there is no reason why we cannot expect that strength to continue reasonably into the future.

Rural recovery is certainly no accident. When times have been difficult, there has been special assistance from the government to the beef industry in particular. Longer term measures have been introduced. The Primary Industry bank which I think many people were sceptical about - they said that the commitment had not really been fulfilled as producers might have expected but since the Bank has been operating, it has demonstrated its success and has already refinanced over \$100 million. Income equalisation deposits were introduced some time ago, although not so much use when incomes are low, it is starting to demonstrate the very real benefits to farmers and pastoralists now.

With wheat stabilisation programmes, support for the Wool

Corporation, new and improved tax averaging that gives great benefits to producers - again not so much when there are no incomes to average -- we are starting to see the benefits through the last year of better returns and through the next.

The major part of the trade offensive overseas has been designed to secure reasonable outlets for Australia's major rural exports. When we started the trade offensive into the European Community, there were some who said, "Why are we bothering about this. We have been excluded from that market, we should be concentrating only in Asia". But, we took the view that Australia could not ignore the largest and wealthiest trading group in the world, we could not ignore them for two reasons: We had every right to be able to sell into Europe, and we were very concerned about the policies of export subsidies which so often damaged our exporters in third markets - damaged sugar, damaged wheat, whatever, you name it, and we had to secure, if we could, a modification of that policy.

There has been no revolution in their attitude, but there has been a change and the doors are open. We will now be in continual communication with the European Community to build on what has been achieved.

In 1974, we lost access to Japan for beef but that has been rebuilt with global quotas now 110 - 115,000 tons. Through the MTN it will be significantly higher than that. Access to the United States has been secured. Many governments over the years have talked about securing a reduction in the American wool tariff, but it is our negotiations - my government's negotiations with the United States - which has, in fact, achieved the 60% reduction in that wool tariff, at least with the administration. It is a question of confirmation, of course, by Congress, but we have no reason to expect that there will be any difficulty with that.

For the rest of the economy, through last year, non-farm gross domestic product increased by 3½% in real terms. In the nine months to March, company profitability rose by over 20% and in the year to March, investment expenditure was up by 25%. Mining investment was up by well over 40%. Under our predecessors, real investment in mining and manufacturing fell on significant estimates by an average of 8% a year. Is it any wonder that Australia got into trouble as a result of that.

Now, the fundamental policy, of course, is to get the basics of the economy right - to control inflation, to control government expenditure, increased by 46% in '74-'75 by 8.3% probably a bit less than inflation as it might finally come out through the course of the last year.

There are 56,000 less Public Servants than if the recruiting policies of our predecessors had in fact been continued.

There have been unexpected events through the course of this year. The events in Iran, the extent of the rise in beef prices, was not as predicted, although it was needed to make up for the damage of past years. These things have obviously added to inflation, but they have been good for producers and good for the balance of payments although the higher beef prices and the record wheat crop has given us some inflationary problems.

Therefore, we had to act to exert pressures in the other direction. So, we had a mini-budget.

If we had not had that mini-budget, people would have been entitled to say that if the Government were still determined to overcome inflation, why was not the government reacting to changed events and taking the decisions that it ought to be taking. As a result of it -- and as a result of some fairly rigid expenditure controls during the Premiers' Conference -- nobody should have any doubts about our determination to continue with a path that will bear down on inflation even if pressures of one kind or another for a time, will be such that the downward movement of inflation cannot be continued and indeed is likely to move a bit in the other direction.

If there are pressures for increased inflation in Australia, those same pressures are considerably worse in a number of other countries.

One of the things which gives us a very great deal of concern about the future, and a great deal of concern about what is happening at the moment and I know that that is shared out in the wider community is the level of industrial disputes. There is not the slightest doubt that the activities of some trade union leaders could well destroy Australia's future prosperity, could well destroy Australia's living standards. There is a selfishness in some trade union actions which I think, knows no parallel within Australian society. It would seem that a number of trade union leaders want confrontation, and do not want consultation.

It is worth noting that Mr Hawke has withdrawn the ACTU from the National Labor Consultative Council. Many of the actions of the union leadership would appear to be irrational and totally unreasonable.

In some things, there is a lack of Commonwealth constitutional power - over State employees for example. State governments need to act, and some with much greater resolution than they have in the past. I think the position of some State Premiers in legislating to take matters out of the hands of industrial tribunal, legislating to reduce hours, is totally destructive in the sensible industrial relations environment. It is no accident, therefore, that in NSW there has been more disputes and worse disputes than in other States in Australia.

The State Premiers have now agreed that the States should join with the Commonwealth in discussing the arrangements, the sharing of power between the States and the Commonwealth. We want to have a more rational arrangement than that which now occurs, and achieve arrangements which will, to some extent, prevent the competitive business between State and Federal tribunals, and the leap frogging one with the other.

In relation to Commonwealth employees, of course, we have the clear power and the responsibility. We proclaimed the Commonwealth Employees Employment Provisions Act that was used in the Telecom dispute, and as a result, the bans were lifted. Employing authorities and the Public Service generally, have been told that if they need to use the provisions of that Act, they will have

the full support of the government. The Postal Commission has been told of that. Already 2,000 employees have been stood down under other provisions. The pay cheques going out through the Postal Commission for a large number of employees will be very empty cheques indeed, as a result of the provisions that the Postal Commission has already used.

We have to make sure that those who want to pursue industrial action at this time - or the sort that is now present within the Public Service - themselves have to pay a cost, rather than the community alone paying the very substantial cost.

Some public servants believe they have a right to determine what part of the work they do, and go on getting their full pay. That is what has happened. Now there are stand-down provisions in the Public Service Act, and for the first time perhaps in the history of Australia public servants are being stood-down and will continue to be stood-down unless they do their full work.

What has happened in the Public Service has been condemned by the arbitrator who wrote the stand-down clauses in the award, and condemned by very senior public servants, such as Arthur Tange. The Public Service Board knows that if the stand-down clause that was written into the award two or three days ago proves inadequate the Commonwealth Employment Provisions Act will be used fully and effectively.

We are not going to put up with a situation in which public servants, who basically have security of tenure, who have a superannuation scheme which is second to none in Australia and paid for by other taxpayers to a large extent, are going to determine that part of the work which they do and that part which they don't do.

If, as a result of the attitudes of the Government in relation to these matters, we have to put up with a period of difficulty, then so be it. We were prepared, if necessary, for Australia to be without telephones for some weeks or a longer period. If it is necessary in relation to the postal dispute for Redfern finally to be shut down until this matter comes to some sense, then it will be shut down. It will be a price to pay and a difficulty in the Australian community, but I think a fight must be a fight over that particular matter rather than to let it go on and drag on indefinitely with continuing disruptions and difficulty.

I hope that if we are in that position we will have enough support from the community generally and people won't say after the first week "You had better give in, it is a bit difficult, I haven't got the mail", or whatever the service might be. If that pressure then started to then come out of the Australian community then it would undermine the Government, which is seeking to do what it must, and that is to protect the ordinary people of Australia against unreasonable and predatory use of union power.

We also need to understand that nobody is saying in this that people don't have wage claims, that sometimes they are not reasonable. What we are saying is that there are procedures, there are tribunals to examine these matters and make judgements and we are saying that there is no need to use strikes, bans and limitations in pursuit of claims. If people are going to do that, there will be a cost to bear, and not just a cost to the Australian community. It is a question of supporting arbitration - that is what it is about.

There are other problems also - oil, as you know . We have taken a number of decisions in relation to that. President Carter announced some major policy initiatives two or three days ago, but that policy is still deficient in one respect because it does not have world parity pricing for fuel. Unless you have that, a decision to limit into the United States the quantity of oil that comes into the United States will impose enormous and substantial rationing problems within the United States. Price is the best determinant of wise and sensible economic use of a scarce resource. OECD and other nations have recognised that the decisions which Australia took just about a year ago in that are inevitable and are right. They are painful and they are difficult. But there is no alternative.

There are three main elements to our policy: conservation, suitable alternative forms of energy, greater oil search and development and research. In conservation, world parity pricing is obviously a very significant part of the policy, because without that people won't really turn to other forms of energy which might not be in such short supply -- they won't have the incentive. We have a capacity to save up to 10% of the petrol that we now burn by some changes in octane ratings which will take place, by a small revision of lead content in fuel, and by changed emission controls. As to the first we have the power to do it; as to the second two it is within the power of the States. We have four States in agreement with our view. We have New South Wales and South Australia, so far, determined to press ahead with the revised and third stage of emission controls which will again lead to more inefficient engines and more expensive engines. Against the present fuel situation I don't believe that Australia can afford to just throw away 10% of the fuel that we would otherwise have. I hope very much that the State governments will review their positions in relation to the lead content and emission changes.

We are pursuing alternative forms of energy. Again world parity pricing has a significant part to play in that. There are incentives to move to LPG. Commonwealth vehicles in the future will be LPG powered, except for ones that have to go out into the country, where the gas might not be available. Much greater sums are being spent on research and development.

It ought to be noted, I think, that in a country like Australia we can't match and shouldn't seek to match the enormous sums spent on research and development in the United States and in Europe, because they will be doing the work, the results of that technology will be available. It would be wasteful of our resources if we sought to match and do that work separately and independently for ourselves. The sort of research we need in this country is that which might be directed to the particular and peculiar problems of Australia, not at the question of a duplication of the vast sums that are spent in other countries.

In oil search and development, world parity pricing again is significant, because it provides the incentive to companies to go out and look for oil, to develop reserves. 600 million to 700 million barrels have been added to reserves as a result

of that pricing policy. \$500 million is being committed to search and development quite directly as a result of world parity pricing.

One thing that we all need to guard against: I believe that around Australia now there is some evidence, I am told from the Department of National Development, of unnecessary hoarding of fuel. I can understand that farmers might be concerned that they will not be able to get adequate supplies of diesel for example when they have to sow their crops or harvest their crops. There is a responsibility to see that there isn't a shortage in those circumstances. But if there is unreasonable and unnecessary hoarding over and above the normal requirements that farmers and pastoralists have had in the past-- that kind of thing of course can create a shortage and create difficulties for other people for whom otherwise there might not be one.

The Government has made a decision to establish a body, a national allocation and supply committee, which will have represented on it consumers, producers, the States, representatives of manufacturing industry, representatives of the rural industry to advise government in relation to supply and allocation of petrol and fuel if there is likely to be any shortage.

We recognise that there is a responsibility to make sure that industries that need fuels at particular times of the year have fuel available to them. We know very much - and you will understand the reasons for the shortages of Avgas -especially in the northern parts of Australia and in Queensland. I also know that if people want to spray a cotton crop at a particular time, that crop has to be sprayed, then Avgas will have to be available. That is an obligation on the companies. It is also an obligation on Government in those circumstances to make sure that essential industries are not damaged by particular shortages at a particular time.

The committee that will be established will have a responsibility to advise us in relation to these matters so that, if there are particular shortages in particular areas and circumstances, we will be able in conjunction with the states, to take appropriate action.

I think it is worth looking at Australia's position, generally and comparing it with what is happening in a number of overseas countries. If we do, it gives every reason to confirm the strength and underlying stability of the Australian economy and what we are in fact achieving within this country.

In the last six months inflation in the United States has been running at an annual rate of about 12%. In the United Kingdom it is about 13%, and on the admission in their own budget up to 16% and 17%. In Canada it is about 10% and rising; in Italy about 15%. Over the same period, Australia's inflation was about 8%.

We know there are pressures in this country to put inflation up. The Government has to counteract that and put the movement again in the right direction. That won't be able to happen for some time because oil prices will be moving through

the economy, and the effect of that will occur during this quarter and the next quarter. So long as we can maintain the competitive margin between Australia and countries overseas, the competitive position of Australia's exports and manufacturers will continue to be improved. During the previous high inflation in Australia, of course, our inflation was much above those countries I mentioned. So, under those circumstances we were losing our competitive position and getting into very real difficulties. But our industries will still improve their position while we keep inflation under that of a number of our major and significant trading partners.

If we look at growth rates forecast by the OECD for 1979 -- they are OECD forecasts, they are not mine, let me emphasise that -- Australia 4% real growth, that is well above the OECD average; the United States 2 $\frac{3}{4}$ %; the United Kingdom 1 $\frac{1}{4}$ %; Canada 3 $\frac{1}{2}$ %.

If we look at productivity improvement, the OECD again forecasts for Australia in 1979 3 $\frac{1}{2}$ %; for the United States, nothing; for the United Kingdom $\frac{1}{4}$ %; for Canada $\frac{1}{4}$ %.

That points to some difficult situations in economies overseas, and it points also to a significantly better position within the Australian economy.

I believe, with the one question mark over industrial relations, and that is going to have to be sorted out - there can't be any options for us, that we can look to the 1980's with very great confidence indeed. We can, and have it within our power to keep inflation lower than that of many other countries. That makes our now competitive industries even more competitive. It makes our homes and export markets even more secure than they now are.

With economic stability there is a great encouragement to investment. I have mentioned the private capital inflow for the last seven or eight months. There is \$2000 million worth of new investment going to the aluminium industry, another \$2,000 million going into the coal industry. Our great national resources give us a capacity to get through difficult circumstances much better than other countries that aren't so well endowed.

If you look at other resource producing nations of conscience, you will find some difficulties within them that give investors cause for concern. That again makes Australia a much more attractive country for investment than some others that would otherwise be competitors.

So if we play our cards right, however difficult the world trading situation might be through the 1980's.--

I expect it to remain difficult because I expect inflation to remain too high in a number of major countries, and with that being so growth rates will be too low.--

We can look after ourselves well and secure a prosperous decade in the 1980's.

Because we have great resources of energy and minerals we can attract investment. We have commodities that the world needs, we have exports from the primary industries that the world needs. We have secured, to a greater extent than before I believe access to significant markets overseas. So it is within our power. If we play our cards right, keep inflation under control, run a sensible economy and have more sensible industrial relations than we have in the past, then Australia can have it made.

For all these reasons we have many advantages. It should also be said that the Government has no intention to throw away the advantages and the gains over the last three and a half years and destroy the possibilities of the coming years. We have a great future. Rural industries have a vital part to play in that future. I have never been one to accept the view that rural industries are less important to Australia than they once might have been. Certainly our exports have diversified. The proportion of people employed in rural industries is less than it was. But without the strength of Australian rural industries, without the exports that come from that, Australia would in many instances be a dying nation, and we have no intention of allowing that to happen.

The strength of your industries is vital for the future of this nation. It is important also, I know, for yourselves and for your organisation and for the people who make up the great Australian rural industries.

I have very great pleasure indeed in opening this inaugural meeting of the National Farmers Federation. I wish you all good fortune in your future deliberations and I am sure that you will serve the interests of your constituent parts well and vigorously, as best you see their interests.