



PRIME MINISTER

FOR MEDIA

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ELECTORATE TALK

Over the past few years Australian farmers have experienced the highs and lows of life on the land.

There have been both bountiful seasons and the curse of drought.

Cattle were shot as virtually worthless only a few years ago.

Now, livestock are much sought after once again.

The wool corporation emptied its warehouses as wool again became the golden fleece.

In fact, the recovery of our great rural industries from the deep depression of the mid-1970s has been quite remarkable.

In the past two years, the value of rural production and exports has increased by 60 per cent while real income per farm has more than doubled to be 75 per cent higher than in the first few years of the 1970s.

The whole nation has benefited.

And yet again Australian farmers have demonstrated their traditional resilience and the rural sector has been central to strong and balanced economic growth.

The fruits of our recovery can be seen in such diverse ways as the revival of business in country towns, improved company returns and the renewed interest in agricultural training courses.

Nowhere is the benefit to the nation more evident than in the massive contribution to Australia's balance of payments of the \$3 billion increase in rural exports over the past two years.

As we enter a new decade, it is timely to remind ourselves of the continuing importance of rural industries; to reflect on the lessons of the 1970s; and to look at what the 1980s has in store for Australian farmers.

At a time when mineral energy development attracts so much attention - and this is completely understandable - it is not often appreciated that this year wheat, and not coal, is Australia's largest single export earner and that the rural sector contributes 43 per cent of Australia's export earnings.

I am sure that the mid-1970s will never be forgotten by country people.

In the devastating year of 1974-75 alone, a year of reasonable seasonal conditions, unit farm costs rose by 30 per cent and real income earnings fell by over 40 per cent.

The strong recovery from those depths is due not only to reasonable seasons but also to the influence of a favourable economic environment achieved through sound and consistent economic management.

Australia's inflation rate is now significantly below the OECD average. As a result, our competitive position in world markets is better than it has been for many years.

One lesson we all learned from the mid-1970s was that no sector of the economy is more devastated by runaway inflation than the export-orientated rural sector. For as costs rise, our capacity to compete overseas is severely reduced.

During the past five years, Australia's primary producers have responded to the Government's initiatives designed to create a more stable economic environment. The creation of the Primary Industry Bank, the Income Equalisation Scheme, and the Rural Adjustment Scheme have all had beneficial effects on the viability of rural industries.

To secure continuing improvement in the viability of the rural sector, the Government has also:

- . significantly modified the tax averaging provisions.
- . introduced in full the Fuel Price Equalisation Scheme
- . increased the floor price for wool from 250 cents in 1975-76 to 318 cents per kilo.
- . abolished federal death duties
- . reduced fluctuations in returns to wheat growers and facilitated earlier payments for wheat deliveries
- . selectively underwritten prescribed dairy products
- . provided special depreciation provisions for buildings for the storage of hay, grain and fodder
- . and recently introduced new taxation concessions to assist in increased water storage.

Under these initiatives, wheat plantings have increased by 30 per cent over the past two years. The value of wool production has increased by 38 per cent in the same period. The dairy industry has undergone one of the most successful adjustments in Australian agricultural history. The sugar industry is at last enjoying better prices, and it has the security of long-term contracts for a large part of its exports. Smaller industries such as oil seeds, cotton and rice are growing strongly. Livestock herds are being re-built.

Of course the best news for producers and for all Australians in the past week has been the good rain over much of the rural area. The outlook for the 1980-81 season is now better than it was a few weeks ago when drought was tightening its grip.

I am advised that the 1980 wheat crop is now off to an encouraging start and if adequate follow-up rains occur another good harvest is likely. Pasture growth in many areas will be dependent on temperatures from now on, but hopefully hand-feeding should become less prevalent. Surface water supplies have improved and herd re-building is likely to gather momentum. As markets for rural produce remain strong, the rural economy looks set for another reasonable year. No-one know better than the farmer that in the good times we must consolidate our advantages and build on our opportunities. So it must be with Australia.

We cannot allow the significant successes of the last five years to be eroded by the faulty economic management and defective policies which dealt such a body blow to the rural sector in the mid 1970s.

We enter the 1980s with the kind of stability and international competitiveness that should act as an incentive to all of us. In the years ahead our geographic location will be one of our great advantages. We are a net food and energy exporter in a region with expanding demand for Australian goods and services of all kinds.

This provides for Australian primary producers - as it does for all others - a challenging role. It is a role which the Government is determined will be fully and productively played out.

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