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PRIME MINISTER

FOR MEDIA

WEDNESDAY, 27 JANUARY, 1982

LAUNCHING OF CAMPAIGN FOR CONSTRUCTION
OF N.F.F. HOUSE
CANBERRA

It is a great pleasure to have the opportunity to launch the campaign for the construction of N.F.F. House for the N.F.F., in just two and a half years of existence, has established itself as an effective and constructive voice for Australian farmers in the National Capital. In doing so, it has fulfilled an objective - a dream that many in the farming community had been pursuing since the turn of the century, namely, to establish a single national organisation to represent farmers.

I applaud the success of the N.F.F. in securing an unprecedented degree of unity among representatives of rural communities, and I applaud its success in promoting the interests not only of farmers but of the whole Australian community through its constructive approach to major issues of national policy.

What the N.F.F. has achieved - the role it has played - could not have happened with divided organisations representing the rural interest.

I would like to take this opportunity to make some brief remarks about two issues of concern not only to the N.F.F. and its members but also to the Australian community at large - the issue of inflation and wage settlements and the issue of the latest Japanese beef tender.

There is no doubt that inflation remains a major threat to the renewed growth and prosperity that the Australian economy has experienced in the last few years, for it undermines the confidence, profitability and competitiveness of producers in all sectors of the economy. And without question, the greatest potential source of continuing inflationary pressure lies in excessive wage settlements. It is not only producers who suffer loss of profits and sales as a result of high wages: their employees also lose for, directly or indirectly, employees can price themselves out of the market and destroy job opportunities not only for themselves, but also for those who are already unemployed.

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The last six months has seen a significant change occur in the wage determination process. Following the Commonwealth Conciliation and Arbitration Commission's decision to abandon wage indexation, a series of industry-by-industry cases have gone before the Commission, and settlements of various sorts have been made, now covering an estimated 65% of wage and salary earners. We may not all be happy with everything that has occurred, or all the settlements that have been made, but what is done is done. What we need now is time to digest the wage increases and other developments that are taking place. What we do not want, what the economy must not be subjected to, is a further general wage increase on top of those which have already occurred.

There is one aspect of wage increases in recent times that I think stands in need of some correction, an aspect that is particularly relevant to the perceptions of farmers and the N.F.F. People often point at manufacturers, especially those afforded protection by tariffs, and argue that by conceding excessive wage increases under the shelter of Government assistance policies, they lead the thrust to higher wages throughout the economy. But the reality is quite different. While the metal trades award is certainly a key award in the wage process, and spreads throughout the system, in terms of the size of wage increases, workers associated with export oriented projects - miners and construction workers on big resource projects - have been among the leaders, and in terms of the timing of increases in the industry-by-industry wage round, workers in the naturally protected non-trading sector - transport workers and storemen and packers - have led the round. But in the end, it really matters little where the wage pressures start from. The very fact that they exist threatens profitability and competitiveness in all sectors of the economy, and threatens the prosperity of all Australians, especially in a period when trading conditions are so difficult because of the world economic situation.

Australia has been subject to inflationary pressures because of our growth and development. Our important trading partners in North America and Europe have had little or no growth and are suffering massive unemployment rates in the vicinity of 8-10%. As a consequence, inflationary pressures in those countries are less than those we face. They are still diminishing and the combination of these overseas factors with the very high wage settlements which have been taking place in Australia means that overseas inflation rates could drop below our rate. Combined with slack world trade, these overseas conditions are creating a difficult situation for Australian producers and exporters. The Government is aware of these problems, and I am sure you are aware of them. I just wish that more of our unions and employees were more aware of them and more aware of the fact that high wages create more unemployment than there would otherwise be.

It is appropriate that I should also take this opportunity to say a few words about the latest Japanese beef tender. I am disturbed that about half of this tender has specifications which can only be met by U.S. grain-fed beef. When the Minister for Primary Industry, Mr. Nixon was in Japan just over a month ago, he received assurances at the highest levels of Government that Japan's beef imports would be administered in a genuinely non-discriminatory way. But the fact is that over the past 12 months in some specific tenders, we have seen the share of U.S. specification beef steadily rise. It rose from around 25% in earlier tenders to 38% in a tender announced last month and now in the latest tender it has risen to 49%. This is obviously a matter of great concern to the Government. Today Mr. Anthony called in the Japanese Ambassador to protest about the terms of this latest tender, and the Government will be seeking urgent clarification of the Japanese Government's intentions before considering what further action it might take.

At a time of major challenges to the Australian economy and to the well-being of farmers an organisation of the calibre and vision of the N.F.F. has an important role to play. The record that the N.F.F. has established in a short space of time has ensured that it is here to stay, and the construction of a permanent headquarters for the N.F.F. here in Canberra will give concrete expression to that fact.

It gives me great pleasure to launch this campaign and to wish it every success.