



4

PRIME MINISTER

FOR MEDIA

SUNDAY SEPTEMBER 5 1982

ELECTORATE TALK

I don't think any of us now need to be told how serious the drought is, particularly in the Eastern States. It is an enormously difficult situation for farmers. Both cattle and sheep prices are down considerably on last year. Unless there is substantial rain over the next few weeks, Australia will face one of the worst rural disasters that it has ever experienced.

Against this background, the Commonwealth has made a number of substantial decisions. Two of these decisions which are vastly important will be totally funded by the Commonwealth Government and other decisions will involve the traditional co-operative arrangements between the Commonwealth and the States.

The Commonwealth will fund totally a subsidy for farmers on interest payments exceeding 12% on debts. That means a farmer will pay the first 12% on his overdraft and if he is in a drought declared area the Commonwealth will pick up the balance. However, if a farmer has readily available liquid assets, he would be expected to use those to help reduce his level of debt before he would be eligible for interest subsidy.

The Commonwealth will also provide a 50% subsidy on purchases of fodder for livestock. This decision is very important because in the period ahead what we have to do is make sure that basic stock are preserved. Yarding and sales have increased very greatly in recent weeks but if Australia's breeding numbers fall significantly, then permanent damage will be done to the grazing and pastoral industries, and it would take much longer to recover from the damage of the drought when finally the drought breaks.

In addition to these two Commonwealth initiatives, the Commonwealth is to propose significant changes to the core measures operating under the natural disaster relief arrangements when Commonwealth and State Agricultural Ministers meet next week. The Commonwealth funds these core measures on the basis of \$3 from the Commonwealth to \$1 from the States once the base amount has been provided by the States.

When first implemented, therefore, it should provide no particular burden on the States. The core measures include carry-on loans, freight concessions, stock slaughter and stock disposal subsidies and water subsidies. What we are proposing is that the core measures not only be expanded, but that there is a more co-ordinated approach between the States. With our own initiatives there is no reason why the States should not accept these additional proposals.

.../2

Our proposals include support for local governments in sinking bores for water supplies for farmers. That is particularly useful in areas where the farmers run out of water and they cannot put down a normal farm bore because the cost might be too great. We hope that the States will accept the cost of such bores and the manning of such bores as part of the normal core measures for the purpose of this drought.

We will also be suggesting to the States that the limits on carry-on loans be raised to \$40,000 or doubled, whichever is the greater. In some States it is already up to that level. But in Victoria, the carry-on loans are only \$15,000, which of course is not going to be all that much assistance to farmers in great and serious difficulty at the present time.

The Commonwealth will also require the money that it makes available to the States for drought loans be on-lent by the States at no more than 4% interest. We have been providing these funds to the States in the past at no interest and some of them have been charging 5% or 7%. There are proposals to take this up to even 12%. There is no reason why the States should make a profit on the funds that are on-lent for these particular purposes.

We will also be suggesting that States should extend the carry-on loans arrangements for farmers to small businesses in rural communities that are affected by drought. This is already done in Queensland and we would like all States to follow Queensland's example.

We will be proposing that the subsidy on water cartage be set at 100% and we will be proposing also to the States that the freight subsidy on the transport of fodder and livestock be set at 75% which is the same as the Queensland level at the moment. In some of the States it is now 60%. In other States it is 50%.

We will be proposing that these six measures should form part of the normal co-operative arrangements between the Commonwealth and the States. The assistance that all these measures will give the rural sector should be complemented by recent announcements on US beef imports and on live sheep exports, both of which will be particularly welcome at this time of hardship for the farmers.

Sheep farmers will welcome the fact that on 11 September a ship will berth at Portland to load live sheep for export. The ACTU and the AMEIU at the Federal and State levels have agreed to the lifting of bans and restrictions on the export of live sheep. Beef producers will be heartened by the assurances given by the Americans that the US will meet its full commitment to Australia and import from Australia 676.9 million pounds in 1982. There had been recent pressure in the US from the Cattlemen's Union to restrict beef imports. As we expected, the US government is maintaining its purchases under our joint agreement.

By pursuing Australia's interests the Government avoided the situation which occurred under Labor in 1974, when our beef exports to the US were chopped back considerably, and we lost all access to the Japanese market.

I am sure that the resumption of live sheep exports from Portland and the assurances given to our beef producers by the Americans, as well as the drought relief measures, will give farmers greater security at this difficult time.

---o0o---