



## PRIME MINISTER

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TRANSCRIPT OF PM'S PRESS CONFERENCE, CANOWINDRA 31 MAY 1986

JOURNALIST: Mr Hawke, do you think you've won them over today?

PM: It wasn't a question of trying to win them over. I gave Peter and his colleagues a promise that I would come and visit them. They asked me to. It was a generous invitation and I'm fulfilling that undertaking. I wasn't coming here to win votes, I wasn't coming here to lose them either. I hope that out of this visit Peter, and the people here, can accept that firstly, we understand their problems and are serious about trying to do what we can about them. They may not agree with everything we're doing, but the first step is that we understand and that they understand what we're about.

JOURNALIST: Does the rural community have to accept sacrifices like the rest of us at the moment?

PM: Not like the rest. There may be, in the approaches that we have to adopt to adjust to this dramatic fall in the terms of trade, there may be some little further element as far as the rural community is concerned. I wouldn't think it is appropriate that they should be asked to bear as much as anyone else because they have had an enormous fall in their income as a result of the terms of trade. When we talk about the terms of trade decline you are talking about the decline of the income of farmers.

JOURNALIST: Mr Hawke, what were some of the concerns that Mr Ryan put to you at the meeting this morning?

PM: The indebtedness situation and therefore, the burden of their payments. They acknowledge that there has been a move down in the interest rates, but within that situation they stressed again what appears to be the somewhat differential treatment of farmers. They don't get the full benefit of the decline in rates apparently, and that's something that John Kerin and I are going to be talking about and seeing whether there's anything more that can be done in that area. That is a major burden of their complaint. One can understand it. One of the sorts of figures that struck me most forceably was one of the gentlemen, there today, said that his calculation, I think it was over the last three years, he'd produced for Australia I think about \$3 million worth of.....

RYAN: Two years it was.

PM: I'm sorry, it was two years he'd produced about \$3 million of income in wheat exports and was broke. He'd gone broke in the process. Now that's pretty telling sort of stuff because Australia as a whole benefits from that export income which his efforts have generated and you can understand them feeling crook

because if Australia as a whole benefits from those long hours of labour, and yet he's going backwards. Now you can understand that.

JOURNALIST: Will there be ..... on that particular issue in your economic statement?

PM: What on the issue of differential interest burdens?

JOURNALIST: And indebtedness?

PM: I don't think that's necessarily appropriate for that statement. John and I will be analysing what we've heard today and there's one or two particular issues where I think we may be able to do something in initiating possible changes. Though that's more particularly for rural sector, the general statement I will be making will be much broader than that.

JOURNALIST: Prime Minister you've offered nothing new today, nothing specifically new....

PM: Well you don't know what I've offered.

JOURNALIST: Well you certainly haven't made that public.

PM: No, well I'm saying that you would have to ask Peter and the others. What I've said is in certain specific areas where they have raised the problem that this differential treatment in regard to interest rates. I think there that's something that we can address our attention to. See if there is some improvement that can be affected.

JOURNALIST: What are those areas?

PM: Well what I'm saying there is that what they are putting is that farmers seem to be differentiated against, that is what they are suggesting, by the banks and they make the observation that the security of their property is very substantial. There's no reason why there should be significant differentiation. Now that seems on its face to be a sound argument. I've undertaken, together with John Kerin, I'll look at that.

JOURNALIST: Do you think farmers are as badly off as they say they are?

PM: You can't generalise. When you're talking about 175,000 farmers altogether, around Australia, some relatively aren't suffering very much. There are others who are going to be suffering very badly. I think that if you want to generalise you've got to say that farmers are very much worse off now than they were a few years ago because of this massive deterioration in the terms of trade. The drop in the price of wheat over the last two or three years has been 12 per cent. There's been very significant declines in their prices and they're still faced with increased costs. So they must be worse off. Now the extent for each farmer will depend on the degree of equity he has in his land. If he has got a 100 per cent equity and hasn't got a debt burden well he's going to be, obviously, in a much different situation to the person who's got very little equity. Also, a lot of them made a move into crop production in 80/81, when the prices were up, and acquired

significant indebtedness to get the machinery. It's a heavily capitalised section of agriculture, wheat and similar crops. Those who went in heavily then and acquired the machinery then, they've got particular burdens. So you can't generalise for all because that will disguise the fact that some are very much worse off than others. Having said that, clearly, for Australia as a whole, there has been a massive drop in rural income.

JOURNALIST: Do you think that the policies you announce today could return farming to the ..... days of the 50's and the 60's?

PM: No of course not and the good sense of the people with whom I'm speaking know that that's not possible. We're not looking at that.

JOURNALIST: Mr Ryan you were the man that invited the Prime Minister down here. Was it worth while?

RYAN: Yes I think that any opportunity to have dialogue with the Prime Minister of this country and the Minister for Primary Industry has got to be worthwhile. What we were trying to achieve by this visit today was to get down and talk at grassroots level at the problems and pain that some people are feeling in agriculture. I think that we've been able to get that message across.

JOURNALIST: What constructive things came out of it though? There's been a lot of talking in the past, is there anything new today?

RYAN: No. I don't believe that there is a lot new at this stage. We have certainly stressed to the Prime Minister that people are hurting and people are not only hurting, but they're worried and they're frightened. They're frightened because they don't really know where their next turn is going to be made and we've tried to stress that point to the Prime Minister, and given that situation we've offered a couple of proposals that we believe that they could look at as a means of alleviating this fear.

JOURNALIST: Does this mean we're unlikely to see you in Canberra again with your rebel farmers protesting in front of Parliament House?

RYAN: I don't think so. I believe that if need be farmers are prepared, still, to go to Canberra to make their point. And the way that we've been doing, I think, has been extremely worthwhile. I might also point out that we have graduated not only from trying to attract attention to the problem, but we're also lobbying the politicians and the Government to try and make sure that everyone in the Parliament and the Government are informed on what agriculture is all about and what are the specific problems in agriculture.

PM: I'd just like to add to that. As I said to you publicly and privately, they have opened up lines of communication. At no stage did we feel annoyance or aggravation at the fact that they were exercising a democrat right of protest. I've certainly appreciated the opportunity out of it of meeting Peter and his colleagues and I've undertaken that they can meet with our rural industry committee and out of that there comes a more formalised process of continuing consultation and that will be good. I think we both agree with that.

RYAN: We're certainly going to continue with whatever has to be done. People have put a lot of faith in what we've done and we've got to make sure they have some hope.

JOURNALIST: You mentioned that area of differential rates. You mentioned also that there was one other area, can you be specific?

PM: Well I had raised with me specifically the question of the impact of the fringe benefits tax for employees. I just want to look at that and get some information about the degree of impact and Peter knows I've not promised anything on that. I just want to inform myself on the dimension of it. They are making the point that if they've got no income they're not paying any tax otherwise, and yet get hit with this tax. They regard that as an anomaly and a problem. I certainly want to have a look at that. They have certainly placed some stress on that.

JOURNALIST: But you are convinced, is there some hope that...?

PM: I'm saying as much as I've said there.

JOURNALIST: The European Community has increased its subsidies on cheese to Australia and the US has encroached further on our grain markets. Are we making any real impact with those two main agricultural super powers?

PM: Yes we are making some impact. Clearly, take the United States first of all, I believe that as a result of my visit to Washington and discussions with President Reagan we've got avenues there for ensuring that our case will be put and heard in the actual implementation of the export enhancement program. Having said that I'm not being complacent about it because if you look at some of the recent developments, particularly in the Middle East with grain sales, there's some cause of concern there. We have got the avenues open. Mr Kerin will be going overseas again next month and will be continuing to press our case in these areas. As far as the Europeans are concerned, yes we've advanced there. We've got the reaffirmation of the Agreement as far as an all extension of European subsidies into our Asian beef markets. I believe that there is a growing realisation in Europe of the economic absurdity of \$70 billion of subsidisation. They know that it's perverting their own economies. The fact that at the Tokyo Summit a third of the time of the economic discussion was spent upon international trade and agricultural products is some indication of the impact we've had. We pressed with President Reagan, we've pressed with Mrs Thatcher and the European Community and Mr Craxi, all the people who were going to be there, that they just had to address this issue. And I think that the fact that they had this historically long time on these products was some reflection

of our pressures in this regard.

JOURNALIST: One of the industries that is suffering in the west at the moment is the cotton industry. Did you discuss that with President Reagan on your last visit?

PM: I've answered that one in Parliament and pointed out that the provisions of the US Farm Legislation in regard to cotton and rice were in place before I went to the United States and before these recent rounds of discussions had been going on. They weren't able to give us any firm undertakings in that regard. I would point out that it's not only Australia's concern in the area of cotton and rice, but Thailand, which is an important strategic consideration in the United States, they were very much concerned about the impact upon their rice production. I think the United States is going to have to look reasonably closely at this. I think in that area there probably is not the longer term problem. They say that is going to work out over the next 12 months. There's not the same degree of longer term concern there as we're entitled to have in regard to the cereal products.

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