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PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

SPEECH BY THE PRIME MINISTER
RURAL POLICY LAUNCH
BUNDABERG - 25 JUNE 1987

Two days ago at the Opera House in Sydney I had the honour of launching our Government's campaign for a renewed mandate from the Australian people.

Today, another honour falls to me. That is to outline our policies and set our goals for the great rural sector of this nation.

But let me first repeat the central issue at stake on the 11th of July - the central issue for all Australians, wherever they live in this nation of ours.

And it is this:

Are we to continue to unite together in the task of national renewal, reconstruction and revitalisation, for which we have been working so hard together, and on which the success of our country depends?

Are we to go forward with strength and stability - stability in government, stability in our society?

Or are we to take the other course, the path of our opponents - inflicting upon the nation itself all their own divisions, all their own disunity, all their own instability?

That is the paramount issue in this election. It encompasses all other issues.

Today, in Bundaberg I want to spell out my Government's record and policies of particular interest to the five million Australians who live outside the capital cities.

But my first message to you today must be this - that when in Sydney I used the words "the Australian people" I was speaking to the whole nation and I was referring to all the Australian people, whether they live in Bankstown or Bundaberg.

This Government rejects the view that policies should appeal to one section of the community by damaging another - should advance the interests of a few by setting back the interests of the majority.

That is not the way we have governed.

It is not the way we are campaigning.

Instead, my Government has taken decisions to advance the interests of the whole community, the future of the whole nation.

And never has the approach been more important, more relevant, than in the last two years.

Through no fault of Australian farmers or Australian miners the world suddenly began paying us much less for our primary exports.

Despite their hard work, their efficiency, Australia's agricultural producers were dealt a body blow by the corrupt trading practices of our European, American and Japanese trading partners.

Our export prices collapsed - and our national income was slashed by some \$9,000 million. The collapse opened up a large gap between the amount we as a nation spend abroad and the amount we earn abroad.

This in turn meant we had to offer higher interest rates on the international money market to bridge that gap.

So the problem of high domestic interest rates is a direct consequence of our trading deficit.

My Government has set about the task of closing that gap and, while doing that, spreading the burden of adjustment more fairly across the community.

Exactly a year ago, in my Address to the Nation, I said this: "We all have to adjust to the loss in our national income through the fall in commodity prices. It is not just for the farmers and the other exporters to carry the loss. We all have to share the burden."

Now, twelve months later, when our work together is bringing its benefits and rewards within our reach, they, too, will be shared fairly.

And the policies that deliver these benefits to the country dweller are precisely the same as the policies that deliver them to the city dweller.

There can be no escaping this fundamental interdependence of our urban and non-urban communities.

So the solutions to the problems posed by conditions in the world market must also recognise this interdependence.

In the past, when there were balance of payments problems, conservative Australian governments resorted to short-sighted, divisive, counter-productive measures such as protection and regulation.

That is an approach I will never countenance.

Rather, my government adopted an historic new approach, an approach which has two essential and complementary elements.

First, we have set about the task of restructuring the Australian economy to make it more competitive, more diverse, and more able to provide secure jobs and rising living standards.

Second, we have launched an unprecedented international effort to reduce the agricultural protectionism with which our trading partners are afflicting their own economies and, consequently, the Australian economy.

Neither of these tasks is easy and in neither can results be achieved overnight.

But in both we are making substantial progress. And in both the long term prospects are encouraging.

And here let me pay tribute to my Minister for Primary Industry, John Kerin.

No Prime Minister could be better served in the administration of this important portfolio than I am by John.

And more importantly at no stage in recent history has the rural community been better served by its Minister.

He has, as I believe you know, built a special rapport, based on fairness and frankness and sheer hard work which has resulted in no small measure in the progress we are making.

Our decision in 1983 to float the dollar has given the Australian economy the greatest competitive boost in living memory.

Had the currency not been floated - had we still been stuck with the over-valued exchange rate of our predecessors - farmers would have been devastated by the subsequent collapse in commodity prices.

The task of maintaining this competitiveness in the face of our primary commodity collapse has required some tough decisions on our part - and has imposed sacrifices on the community.

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Farmers were among those who bore the impact of the unavoidable rise in interest rates.

But we quickly began to share the adjustment burden through our wages policies and a further toughening of fiscal policy.

We had to seek further real wage restraint from the Australian workforce. And we are achieving that : real unit labour costs are now around 8 per cent lower than in March 1983.

We supported these efforts through very large reductions in the Budget deficit, which we will have progressively brought down from the prospective 5 per cent of Gross Domestic Product we inherited to under 1 per cent next year.

These efforts are starting to yield dividends.

As I said on Tuesday, inflation is falling and under Labor will continue to fall.

Interest rates are falling and under Labor will continue to fall.

Last month's balance of payment figures, which showed a current account deficit below the bottom of the range of market expectations, have given further impetus to the fall in interest rates - as representatives of most of the major banks have acknowledged.

And throughout this whole period of difficulty and challenge, jobs have continued to grow - 100,000 in the last six months and 800,000 overall.

And under Labor jobs will continue to grow.

But this would all be undone in one devastating stroke if the various Opposition parties were ever to be given the chance to implement their various tax policies.

I have said on several occasions - and I repeat here today - that the various tax policies of the Opposition parties have one thing in common : they would tear apart the economic and social fabric of this country.

Friends, it is just impossible, with any credibility, to proclaim concern for families and then proceed to smash every part of the social infrastructure that determines the welfare of Australian families. Yet that is the measure of our opponents' hypocrisy.

Not only would they force Australians to pay more for health insurance and give them less, not only would they limit our children's education opportunities through bigger class sizes, not only would they let the roads deteriorate, but they would strike down Australian farmers through skyrocketing interest rates.

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And this is the reason : the Liberal Party's tax policy, now embraced by the Federal National party, does not add up. That is not simply an observation of mine or Paul Keating's, it is a conclusion of commentators throughout the country - the latest of these being Dr Neville Norman, who estimates a shortfall in the order of \$2.5 billion.

John Howard has said repeatedly that he would not put his name to a tax policy that did not add up. Now he has admitted that his tax policy doesn't add up. And Mr Sinclair has endorsed that policy.

The Liberal/National Parties' tax policies would blow out the Budget deficit. And the inevitable consequence of that is soaring interest rates - a return to their days in Government when short term interest rates exceeded 22 per cent.

And for what?

For a grab bag of tax promises that would put hundreds of dollars a week back into the pockets of the wealthy. The incomes of most rural Australians are not high enough to derive any significant tax benefit from the Opposition's proposals.

Rural Australians would be the big losers from the Opposition's tax policies.

My friends,

Our success has been based on co-operative endeavours between employers, employees and governments to resolve the problems facing each industry - problems such as the legacy of regulation and protection from past conservative governments.

In this great task of reconstruction, it is vital to appreciate that the challenge of modernisation is not just something that can be met by factories in Melbourne and Sydney.

Australia's great primary industries, including our agricultural industries, are also caught up in the action.

Our farmers must respond to the need to restructure their industries, modernise their methods and endeavour where possible to add value to their raw materials by further processing within Australia.

Increasingly, as manufacturing becomes more competitive, it is becoming more closely tied to its primary sector inputs as we enhance the further processing within Australia of our primary products.

A vivid specific example of our achievements in encouraging downstream processing can be found in our plan to modernise the textile, clothing and footwear industry.

Already, the proportion of our wool exports that have been subject to the first stages of processing has increased by over fifteen per cent since we came to office. This is clearly the way Australian industry should go in the future.

Australia's forestry industries also have great potential for further development in an environmentally sensitive manner to reduce imports, provide jobs and reduce land degradation.

Reflecting the Labor Government's commitment to its forestry policy objectives we will introduce a new broad acre afforestation program, with emphasis on native hardwoods.

The program will have the complementary objective of assisting the reclamation of areas subjected to land degradation.

Ladies and gentlemen,

All these developments lead me to the second of the two elements of Labor's historic approach to reinvigorating the economy that I referred to a moment ago.

The fundamental truth is that our future prosperity depends on trade. For all our efforts at economic reform at home, our success depends critically on the policies and attitudes of our trading partners.

As a nation, Australia has been at the forefront of efforts to stop the insane agricultural trade war.

We used our good relations with the United States to send two all-party delegations of Members of Parliament to Washington to lobby Congress on its Farm Bill.

Senior Ministers, including myself, have frequently pressed the Americans, the Europeans and the Japanese to reform their agricultural policies and to liberalise international agricultural trade.

We organised the "Cairns Group" of 14 fair traders of agricultural products which succeeded for the first time in getting agriculture as a priority item on the agenda for the new round of multilateral trade negotiations.

The Bureau of Agricultural Economics has prepared detailed studies which clearly identify the costs of agricultural protectionism - not only to Australia and to underdeveloped countries, but, let us never forget, to the protectionist nations themselves.

This was the argument I put to the World Economic Forum in Davos, Switzerland, in January. I called for a ceasefire in the trade war and a commitment to early reductions in the gap between artificial, protected, prices for farm products and the real prices those goods would earn in a free market.

Since launching that initiative at Davos, I have been pleased to see that events are starting to march in the right direction.

The recent meeting of OECD Ministers endorsed the major elements of the proposal. The Cairns Group had a successful meeting in Canada and called on the Big Seven leaders to take action at their Summit in Venice. As further evidence that the Cairns Group has become a vital third force in agricultural diplomacy, declaration of that Venice Summit did in fact echo the long-term proposals sought by fair trading nations like Australia.

Perhaps nowhere can our efforts to restructure the Australian economy and reform international trade be seen more clearly than in the sugar industry.

The sugar industry, which plays such an important role in the economy of this region, was the first to suffer the full effects of the trade war. And it has been one of the hardest hit by decades of ad hoc State Government regulation which inhibited its ability to respond to that challenge.

So my Government sought a co-operative approach with industry, employees and State Governments involving the phased removal of the most damaging regulation, combined with price support and special adjustment funding for the industry.

The basic elements of this program have been implemented through our \$100 million three year sugar assistance package, which is placing the industry on a stronger, more competitive basis for the future.

To lend further momentum to the industry, I want to announce another initiative today. My Government has passed legislation to enable the establishment of a Sugar Industry Research Fund and I can now give a firm commitment that the next Labor Government will ensure funds will be provided to match sugar industry research funding.

This sort of research is an effective vehicle for long-term reductions in farm costs - a task my Government has embarked upon from its first days in office.

The rate of increase in costs to farmers has fallen steadily from 11 per cent in 1982-83 to an expected 4 per cent in 1987-88.

Tariffs on harvesting and cultivation equipment have been replaced with bounties while our chemicals industry package is halving the tariff protection provided to agricultural chemicals. These are in addition to the \$260 million benefit being received by primary producers from the full rebate of the diesel fuel excise.

We have decided to send a further reference to the Industries Assistance Commission on farm machinery and machinery parts with the aim of taking further measures to reduce farm costs.

Similarly, we are acting to reduce costs to farmers after the farm gate.

A Royal Commission is currently investigating the storage, handling and transport systems used by the grain industry. And I can tell you, we will not allow the Report of this Commission to gather dust.

Other transport initiatives have included major reforms to regulations governing air freight charter for primary produce, a review of liner shipping policy, establishment of Task Forces to reduce the burden of shore-based shipping costs, and record road funding.

Revamped export inspection arrangements, including the elimination of dual inspection, have reduced inspection costs by \$17 million per year.

Notwithstanding the importance of these initiatives, probably the greatest reduction in off-farm costs has come from our industrial relations policies.

We have reduced the level of industrial disputation in Australia by 60 per cent. In the important transport and communications industries, there has been an 80 percent reduction in industrial disputation since we came to office.

Friends

Let me return to the point I made at the outset : Australia is not a divided nation and the policies with which it is governed must not be divided.

All Australian families whether they are urban or rural dwellers, still expect and deserve the basic services which only government can provide.

Poverty and hardship know no boundaries between city and country.

Labor will continue to put the health of Australian families first, by maintaining our commitment to Medicare.

We will continue to help the aged and disabled. We will boost education and training opportunities for our young people.

And we will take on a new, and a great task.

We will see to it that by 1990 no Australian child will be living in poverty.

And to this end, my Government will establish a new program of family help - a program designed to lift more than one million Australian children into security, and to help the more than half a million Australian families in greatest need, the hardest pushed, the most disadvantaged, the battlers.

Labor's new Family Allowance Supplement will be paid, to mothers, on the basis of family income and family size.

The Family Allowance Supplement will total \$22 per child per week - with an extra \$6 a week for children aged between thirteen and fifteen.

We will also take new steps to help disadvantaged families in private rented accommodation.

And we will further recognise the special needs faced by families with children who are disabled.

Rural people face a particular disadvantage, compared with metropolitan residents, in respect of the information they have about Government services for which they may be eligible.

This is especially true of rural women. Dorothy Ross, the National President of the Country Womens' Association raised this difficulty with me early last year, and I accepted her suggestion that a survey of rural women's needs be conducted. The survey results will be released later this year.

Let me take this opportunity to thank Dorothy Ross and indeed, all the women who participated in the survey, for the insights and suggestions they have given us about the delivery of government services.

In part, as a response to these expressed needs of women, the Government will also move to establish a Commonwealth Services Information System - a national network designed especially to provide country people with this crucial information.

While we are going about the task of improving and co-ordinating services to the rural community, the Opposition seems to be determined to restrict them.

For example, the Liberals opposed in the Senate our legislation designed to extend to rural residents the same level of commercial TV services available in the cities.

Ladies and gentlemen

The achievements and policies I have outlined today have created the basis for a healthy, competitive future for Australia's great primary industries and for the whole economy.

Together, we have been through very trying times on world markets. But I can confidently assert that my Government has set in train the measures to modernise and restructure the economy so as to meet these challenges.

And, above all, we are building a fair nation - a nation where all can reap the rewards of their own efforts, and where all can share in the rewards of the national effort.

Friends,

The Australian Labor Party is proudly campaigning with these words as our theme : "Lets stick together. Lets see it through".

Those words encapsulate the broad meaning of this task of economic revitalisation in which we are engaged and in which we must succeed.

It captures also the manner in which we are carrying out that process - fairly, compassionately, in the interests of all Australians.

We are carrying it out together and must see it through together.

Farmer and factory worker - together.

Miner and manufacturer - together.

Country dweller and city dweller - together.

Lets see it through.
