



PRIME MINISTER

CHECK AGAINST DELIVERY

EMBARGOED UNTIL DELIVERY

SPEECH BY THE PRIME MINISTER
RURAL AUSTRALIA SYMPOSIUM
ALBURY - 6 JULY 1987

John Kerin
Geoff Miller
Jim Lees, Director
of the Rural Development Centre at the
University of New England
Ladies and gentlemen

Over the next two days you will be discussing matters that have a crucial bearing on the future of the four million Australians who live outside the nation's big cities.

Many conferences have been held over the years dealing with issues of importance to sections and groups among those four million people - especially to those directly engaged in our great rural industries of agriculture and mining, forestry and fishing.

This symposium has a broader reach and a greater challenge: to consider in an integrated way the whole of rural Australia, all its industries, all its residents, all its Government services, all its community groups.

There used to be a notion that public sector policies in regard to rural Australia, and private sector investments for that matter, should depend on a version of the "trickle down" theory. This was the belief that what was good for primary industry was good enough for rural Australia as a whole, because the benefits of a healthy primary industry would trickle down to the provincial towns, and to the rural manufacturers and service industries.

To question that notion is certainly not to question the continuing importance to the rural community - indeed to the whole nation - of agriculture and mining. They are the basis of the non-metropolitan economy and are the nation's biggest export earners.

But to question the trickle down notion is to acknowledge that times are changing in rural Australia - and they are changing rapidly.

000074

The population drift to the cities appears to have been reversed while at the same time the number of rural people working in primary production is decreasing. The quality of services in rural areas is dramatically increasing. Attitudes of rural Australia towards the use of those services is also changing.

But the fundamental change - one which has affected all Australians, those in the bush and those in the cities - was the realisation that the Australian economy as a whole was in need of a massive overhaul.

That realisation was prompted most directly by the dramatic collapse in our terms of trade in 1985/86. The hard truth was that the world was no longer willing to pay the prices it once had paid for our agricultural and mining commodities - prices which had sustained the nation's living standards during the 1950s and 1960s, and which had fostered the imbalanced economic growth typified by that trickle down notion.

This collapse was exacerbated by the economically insane protectionist policies of the European Community, the US and Japan which have corrupted the trade in farm products and which have made parts of rural Australia the innocent victims of a foreign trade war.

In all, the terms of trade collapse stripped some \$9 billion off our national economic capacity - the equivalent of \$2,000 for every Australian family.

No nation, no economy, could withstand that kind of buffeting without a significant short term drop in living standards or, just as importantly, without a realisation of the need for long term structural change.

It has to be stressed that the terms of trade collapse was not the fault of any Australian farmer or miner or manufacturer. It was the result of our vulnerability to commodity price fluctuations - a vulnerability which had been built up over decades.

Reducing that vulnerability is the great task in which the Australian nation is engaged at present.

I am not here to make a partisan speech but I do want to express my pride as Prime Minister that my government has perceived and acted on this basic national need, and has taken the hard, and sometimes unpopular, decisions necessary to overcome that need.

We have floated the dollar, which has been of enormous benefit to all Australian industries, including rural industries. We have deregulated financial markets and removed unnecessary regulation on other businesses.

We have broken down the barriers of protection which cramped our manufacturing industries. We are endeavouring to build a more diverse regime of exports to supplement our traditional reliance on what we have been able to shear, or grow, or dig up.

We have steadily reduced the growth in farm costs from 11 per cent a year when we came to office to an expected 4 per cent in the coming year.

And as the Treasurer, Mr Keating announced over the weekend, the Budget deficit has been reduced by \$3010 million compared with 1985/86 - \$800 million more than was expected.

This will strengthen the downward movement in interest rates - a movement which is already well underway, and a movement which is of benefit to the entire rural community.

In the keynote address to the World Economic Forum in Davos this year, I outlined a plan for a ceasefire in the trade war and for a gradual reduction in the gap between the artificially maintained domestic prices for farm goods and the prices they would earn on the free market.

The recent meeting of OECD Ministers endorsed the major elements of the proposal. The Cairns Group of fair trading nations, brought together by Australia, 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, the declaration of that Venice Summit did in fact echo the long-term proposals sought by Australia.

I was gratified to read in today's press the opinion of US trade representative, Mr Clayton Yeutter, that the Cairns Group has a major and influential role to play in resolving the farm trade problem.

Australia can and indeed must become a competitive and vigorous exporter of manufactured goods and services; the efficiency and innovation which have typified our rural production must spread throughout the whole economy.

The implications of this task of reconstruction are vitally linked to the themes you will address in this symposium.

For reconstruction is not just a task for manufacturers in the big cities. It is a task which will change the nature of rural Australia too.

Let me give you some examples.

Australian primary industries have traditionally concentrated on bulk exports of unprocessed goods.

It is imperative that we complement this with value - added processing within Australia.

The plan for the textiles, clothing and footwear industry includes encouragement of downstream processing. The proportion of our wool exports that has been subject to the first stages of processing has increased by over fifteen per cent since we came to office. This is clearly an important direction for Australian industry in the future.

A second way in which reconstruction will change the nature of rural Australia is through the enormous increase in the number of foreign tourists visiting Australia. Since 1983, the number of international visitors arriving in Australia has risen from less than 1 million per year to the point where we can confidently predict more than 2 million visitors will arrive next year.

The money these visitors spend here helps our balance of payments. And when they arrive they travel extensively outside the capital cities, creating further demand for recreation, accommodation, food and transport.

This is what reconstruction is about - bringing new industries and creating new jobs throughout the Australian community.

A third important impact of reconstruction on rural Australia is through the creation of a more efficient and technologically sophisticated nationwide infrastructure - our communications and transport networks.

Road funding has been increased by over 80% in the past four and half years, and three quarters of this has been spent in country areas. This is a massive investment linking rural producers with cities and export markets.

Australia's shipping industry is being revitalised and is becoming competitive with the fleets of our trading partners.

On the waterfront, policies are in place to improve the reliability and efficiency of this vital link in our export chain.

We remain committed to the principle of cross subsidisation in charges for telecommunications and postal services. The Telecom cross-subsidy was worth \$460 million to non-metropolitan people in 1984/85.

In broadcasting, services under the Second Regional Radio Network begin this year, with transmitters installed in Queensland, Western Australia and the Northern Territory.

The passage of our media legislation means that people in regional and rural NSW, Queensland and Victoria can now look forward to receiving up to three commercial television services plus the ABC. The legislation also provides for fast-track introduction of at least one extra service in Tasmania, the Northern Territory and regional areas of South Australia and Western Australia.

000077

In February the Minister for Communications announced plans to introduce new FM services in some thirty regional areas over the next three years.

Side by side with the impact of reconstruction, rural Australia is also benefitting from a more coordinated approach to the delivery of government services.

Country people are entitled to the same quality of service from government and the same access to government services as anyone else. This symposium is a part of that coordinated approach.

One of our major reforms has been financing local government on a more equitable basis. We have given all Australians, through their local Councils, much greater say over how their taxes are spent - which is of special importance to country people, in particular, as they face widely varying and often unique local or regional problems.

The particular needs of rural women will be addressed in the follow-up to the consultations on the National Agenda for Women. This follow-up will be better targeted as a result of the survey undertaken by the Country Women's Association in conjunction with the Office of Status of Women.

Let me take this opportunity to thank Dorothy Ross of the Country Women's Association and, indeed, all the women who participated in the survey, for the insights and suggestions they gave us about how government services can be better delivered to the country.

We have also directed the Public Service to pay much greater attention to the delivery of programs and services in rural areas and provincial centres. The practices and procedures which operate in cities are in many cases simply not appropriate to the country.

As a result of the establishment of the Rural and Provincial Affairs Unit in the Department of Primary Industry, administrators and decision-makers throughout the Public Service have constantly before them a reminder of the special needs and requirements of rural Australians.

The Unit is, for example, co-operating with other portfolios in their review of rural housing needs and policy, in examining the adequacy of post-secondary rural education, in examining the delivery of community services in remote areas, and in the trial of a completely new co-ordinated basis for delivery of information on government services in rural Australia.

When I launched my Party's rural affairs policy in Bundaberg eleven days ago, I announced another aspect of this change. My Government is committed to establishing a Commonwealth Services Information System - a national network designed especially to provide country people with information about Government services of which they could avail themselves.

The Rural and Provincial Affairs Unit has also produced a comprehensive guide to major Federal programs and services relevant to rural Australians. It is a tangible sign of our determination to take the broad view of rural Australia.

Called simply 'The Rural Book', this publication will help people find out which level of Government is best able to meet their needs. It is my very considerable pleasure to launch this guide this evening.

Ladies and gentlemen,

Rural Australia is a distinctive and important element of our nation.

I trust the Rural Australia Symposium will help Government develop and widen its sense of the needs and aspirations of rural Australians. You will not produce a blueprint for rural policy - but I am certain you will amass a great deal of the information needed for such a blueprint.

The answers may take time to implement but with this Symposium the action has begun.
