



**PRIME MINISTER**

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**SPEECH BY THE PRIME MINISTER  
ADDRESS TO THE CATTLEMEN'S UNION  
MT ISA - 26 AUGUST 1991**

Mr Chairman, I regard it as an honour to come here to Mt Isa to talk to the Cattlemen's Union today.

Facing up to you blokes reminds me of the story of the cocky who bought a very expensive prize bull. A couple of days later the stock agent who sold him the animal drove past and saw that it was hard at work hooked up to the plough. Thinking this was a bit of a waste he asked the cocky why he was using an expensive asset in such a way. Surely it would have been better off doing what bulls do best.

The cocky said, "I just want to show the beast that farming's not all romance."

Coming here I feel a bit like that bull.

Mr Chairman,

You have come from places all over Australia to attend this conference. Many of you, being cattlemen, have come from remote places in our vast Continent. But wherever you have come from, you will I know have been fascinated, as I have been, by the extraordinary events in the Soviet Union last week; so ominous and menacing at the start, but moving so swiftly to such a splendid resolution.

As cattlemen you are all international traders, and you all know how interdependent the world has become. I am sure you understand that the events in Moscow last week will be important for all of us. In Parliament last week, I expressed our delight at the outcome, and our admiration for those who made it possible. Today I want to start by taking this first and very appropriate opportunity of a major speech to explain briefly to you, and through you to Australians everywhere, what I think is the broader significance of these events.

Between Monday and Thursday last week, we witnessed one of the pivotal events of the century. I want to explain why, when I say that, I mean exactly what I say.

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From where we now stand, only eight years from its end, we can see that the history of this century has been the history of the struggle by people all over the world to achieve or to defend political and economic liberty.

These liberties are ideals which have been evolving in our civilisation for many centuries. But it has fallen to this century to try to build social, political and economic structures which would bring those ideals to life for all people, everywhere.

In that long struggle, ideologies have carried the banners. This has been the century of ideologies. But where the ideologies have been strongest, it has been easiest to mistake the means for the end; to betray the ideals to defend the ideology. So much of the history of our century has been the history of such betrayals. Nowhere has that been more true than in the tragedy of the Bolshevik Revolution, which promised the Soviet people so much, and has given them so pitifully little.

For them, and for all of us, the events of last week mark the decisive end of that tragedy. Last week the oldest and greatest of the Communist systems showed, at last and beyond any question, that it is weaker than the will of its own people in their striving for political and economic freedom. The ideal has defeated the ideology.

It is obvious what this means to the Soviet people themselves. For them, the scenes we saw on our screens last week are the most exciting and auspicious since Lenin arrived at the Finland station in October 1917. Now, as then, a coup has ended, and a revolution has begun.

Today the people of the Soviet Union have the chance to define their nationality and rebuild their society anew. It will not be easy. But they have great material and spiritual resources. We wish them well, and we will help where we can.

For other nations still held by tyranny, last week's scenes must mean hardly less than they do to the people of the Soviet Union. They are a bright beacon of hope.

For the world as a whole, the events of last week show that the spirit of international cooperation which has grown in recent years is deeply rooted in the strongest soil. They challenge us to expand that cooperation.

The world can stand united to confront aggression, as we did a year ago. And the world can speak with a single voice to support freedom and deter tyranny, as we did last week. So we must wonder why the world cannot learn to cooperate better to serve the important interests we share in other areas as well.

At the moment, no international issue is more pressing than the future of the Uruguay Round. Since 1986, when the Uruguay Round began, the world has changed so much because in so many areas we learned to apply the harsh lessons of the past to avoid the mistakes of the past. But in world trade we seem to be in danger of repeating the terrible errors of the 1930s, which produced not just poverty but war.

Time is running out for a successful conclusion to the Uruguay Round of the GATT. Nine months have now passed since the failure of the ministerial meeting in Brussels last December. Unless real progress is made by the end of this year or very early in 1992, the political momentum required to conclude the Round successfully could be dissipated. Of course, there are many reasons to be worried on that score, but the most obvious is that once we get into 1992, the United States will go increasingly into election mode.

The importance of a successful outcome to the Round for the world economy and for Australia, including of course the beef industry, is as high as ever.

We are absolutely committed to the need for a balanced outcome in the Uruguay Round. No one can afford a deal that perpetuates the gross waste of the world's scarce resources that presently occurs. The Common Agricultural Policy of the EC, the EEP policy instigated by the US to combat it, and on a lesser scale the import restrictions in Japan, Korea and other countries, all add up to an intolerable situation for Australian primary producers.

It cannot, and will not, go on forever.

Success in the Round will be of lasting benefit to your industry.

If we can implement changes that see the lowering and eventual elimination of export subsidies, then, but only then, the Andriessen assurance - that EC subsidised beef will not be dumped onto our North Asian markets - would become redundant.

The overwhelming responsibility for a successful conclusion to the Round rests with the Europeans. As I wrote to the leaders of the G7 meeting before the London summit last month, the key to the future of world trade is GATT; the key to GATT is the Uruguay Round; the key to the Uruguay Round is agriculture; and the key to agriculture is reform of the European Community's agricultural protection policies. The Europeans are principally responsible for the corruption of the international market in agricultural goods, which adversely affects this country and other free traders in the Cairns Group.

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We welcome signs that the European Community is addressing serious reform of the Common Agricultural Policy. As for the Uruguay Round, we do not make unreasonable or inflexible demands - that has not characterised the approach we have taken, either individually or in our role as leader of the Cairns Group - but we do seek specific and concrete commitments in each of the three areas of internal support, border protection and export subsidies.

I have asked the Leader of the Opposition to join the Government in sending a bipartisan mission to Europe to press Australia's concerns about these issues. The mission will be led by the Minister for Trade and Overseas Development, Dr Blewett.

Beyond that, it is essential that world leaders maintain a close personal interest in the Uruguay Round, as it may well be that direct involvement by Heads of Government will become necessary to secure an outcome to the Round. If so, you may be assured that I will be at the forefront of those efforts.

Under GATT, imperfect as it is at present, we have achieved important liberalisation in the Japanese and Korean beef markets. Korea has an obligation to remove, by July 1997 at the latest, import barriers introduced for balance of payments reasons. Japan has moved to a tariff-based import regime with tariff reductions from seventy per cent in April 1992 to fifty per cent by April 1993.

Japan and Korea currently account for about 37 per cent of Australia's total beef and veal exports. By 1995-96 these two markets are projected to account for as much as 47 per cent of our total exports.

Australia continues to supply seventy per cent of Korean imports. In 1991, Korea is expected to import 100,000 tonnes, well over the 62,000 tonnes minimum access level. The challenge is to ensure improved access for the period after 1992. The Australian industry will also need to adapt to be able to satisfy the changing pattern of demand as higher incomes lead to consumers preferring boneless cuts of grain-fed product. Without industry development to meet this demand change, the US will have an edge in the Korean market.

Japan's movement to a tariff-based import system is expected to lead to a substantial improvement in demand for imported beef. Whilst the initial change will lead to some constraints as the market adjusts, the tariff reductions should boost demand. The forecast is that our sales could increase to 320,000 tonnes by 1996, or by over 65 per cent on this year's expected sales.

Mr Chairman, the US has been our largest export market since the mid-sixties. Sales are expected to remain firm. This year's projected sales of 370,000 tonnes is up on last year. There is the possibility that the US Meat Import Law trigger level will be exceeded, raising the prospect either of the US Administration negotiating Voluntary Restraint Arrangements (VRAs) with suppliers, or a quota set at the trigger. That would mean a 10% reduction in our access.

The next US quarterly consultations with supplying countries will be held this week, after which the position, and whether the trigger level will be reached, will be clearer.

Officials met with the Cattle Council last week, and there will be further consultations with the industry in the weeks ahead.

In the long term, the challenge is to have trade restricting measures, such as the US Meat Import Law, removed.

Mr Chairman,

Today we do have a lot to thank the cattle industry for.

Australia has prospered on the sheep's back, but today is increasingly riding on the back of the cattle industry, which now contributes 15% of the total gross value of farm production and is Australia's third-largest rural export-earner.

In this period where the world trading environment is so distorted and where commodity prices, for the most part, have nose-dived, the beef cattle industry is doing fairly well. This is in no small measure due to the resourcefulness, creativity, energy and sheer hard work of those involved in the industry. The work done to adapt different breeds of cattle to Northern Australian conditions is but one outstanding example.

Looking to the medium term, saleyard cattle prices are projected to increase until 1993-94, which reflects keen demand by existing producers and new entrants responding to the favourable medium-term export outlook.

Cattle numbers are forecast to reach 28.5 million head by 1995-96 and slaughterings projected to rise to 9.6 million per year.

By 1995-96, production looks like being 19% above the 1990-91 estimates.

Because growth in production will be in excess of the growth in total demand, prices are projected to fall after 1993-94.

The rate of increase in the retail price of beef is also projected to slow, which should increase retail demand. Total per person beef consumption is projected to increase to 42.5 kg by 1995-96.

Beef production costs are projected to increase, which means we should plan for an increase in efficiency or face a decline in profitability in the mid-1990s.

Mr Chairman,

Some of you might recall the first time I addressed the Cattlemen's Union, which was in 1977 when I was President of the ACTU.

What I talked about then was the need for us to work together so that we might achieve consensus for the betterment of your industry and all the people who work in it.

As Prime Minister, I say the same thing today. We must work together. The economic future of this country depends on it.

The Australian meat industry is characterised by a maze of complex awards and over-award agreements. Its workforce is made up largely of pieceworkers. Work is repetitive and conditions uncomfortable. Training is deficient, career paths and job security are, by the standards of many other Australian workers, deficient. So too are standards of workplace health and safety.

Such an environment is a breeding ground for discontent and mistrust.

If we are to overcome the legacy of generations of poor relations between employers and employees, and create an environment in which this industry can raise its productivity and efficiency, a major attitudinal change is required. As I said, we - Government, unions and employers - must strive to work together. Employers and unions must change their traditional adversarial approach. They must address their combined problems in the long-term interests of the industry. Such changes are already occurring in some areas but there is still a long way to go.

To this end, we believe that the establishment of a tripartite consultative committee - Employers, Government, and unions - at industry level would be a key factor in improving communication between unions and employers in the meat industry. The same kind of arrangement should also be set up at the plant level. Consultative arrangements like this have been crucial in other industries, such as vehicle manufacturing and iron and steel production.

Mr Chairman

My Government has been an active participant in the pursuit of industrial relations reform in the meat industry.

We have provided funding through the Workplace Reform Program to help the Meat and Allied Trades Federation of Australia and the relevant unions with award restructuring.

In Queensland, we have helped the drafting of a consolidated model award to apply to the export sector. The aim is to reduce substantially the number of job classifications in existing awards, create greater flexibility in working arrangements and skill utilisation, and to develop career paths.

My Government is also awaiting the results of the Australian Industrial Relations Commission Inquiry into the Meat Industry, as it should provide a basis for further reform in the industry.

Mr Chairman, I know that some of your members have been worried about foreign investment in your industry - particularly as it relates to ConAgra.

But Mr Chairman, your industry has since its inception depended on foreign investment to get where it is today. Imagine the industry's development without the significant capital injections that started it last century. Imagine it without the innovation of frozen meat transport, or more recently the development of grain feed-lot capacity.

The concern about ConAgra is to my mind a misplaced concern.

Your industry body, the Australian Meat and Livestock Industry Policy Council, has submitted foreign investment guidelines to the Government.

While those guidelines are still under consideration, ConAgra's purchase of Elders meat division does fall within them.

In the ConAgra case, we required that the shareholders agreement for the meat business provide for at least fifty per cent of directors to represent Australian interests and that ConAgra report back to the Foreign Investment Review Board on developments within the meat industry generally within twelve months.

Mr Chairman

I know that cost recovery for the Australian Quarantine and Inspection Service (AQIS) is also a major concern for you. The Government's decision to introduce full cost recovery for services provided by AQIS from 1 January 1991 was made as part of the micro-economic reform process. It ensures that all users of the inspection service pay for the services they require.

We fully expected that the introduction of full cost recovery would lead to debate about the quality, type and cost of services provided by AQIS. Such debate is a natural and desirable consequence of this charging policy, as it is only with such debate that the most efficient services can be provided.

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Those paying for the service are fully entitled to pressure AQIS to ensure they get the most efficient and effective inspection service possible.

It must be emphasised that Government-certified inspection is in some cases the only means of access to overseas markets and the only way of ensuring that information on product quality is available to assist the producer. It is, therefore, in the interests of both the industry and AQIS to ensure that cost-efficient services and effective product monitoring is carried out.

Mr Chairman,

Last week also saw my Government's ninth Budget. That Budget was the third instalment of policy decisions which have made 1991 the year of the most substantial and far-reaching economic reforms, not just in the life of this Government, but in the entire post-war era.

That is a large but completely justifiable claim.

The Budget must be seen in the context of the continuing and comprehensive process of reform on which we have embarked.

It must be assessed in the context of the landmark programs we have placed on the national agenda, including those already being implemented, such as the abolition of the two-airlines policy and telecommunications reform - both, I might say, crucial to the future of Northern and outback Australia.

In the quest for a sustainable and internationally competitive economy, in this year alone we have set in train through the March Statement the acceleration of unprecedented tariff reform; taxation reform, notably the simplification of depreciation provisions, and the widening of sales tax exemptions; and resource security.

Again in 1991 alone, the commitments undertaken through the Special Premiers Conference process are fundamental to economic reform.

The July Special Premiers Conference agreed to establish the National Rail Corporation, the National Road Transport Commission, and the Electricity Grid Management Council, and to business deregulation which will sweep away the stupidity of having six sets of regulations around our nation. These are all major reforms which are fundamental to building a competitive Australia.

It is in this broader context of reform that the Budget must be viewed, and it is against that background that I want to emphasise some basic points about the Budget itself.



First, and most importantly, the Budget will underpin economic recovery over the course of 1991-92. Unemployment will go higher in the short term - something I regret deeply - but sustainable job growth will resume in this financial year.

For a Labor Government, high unemployment cuts to the quick. We could easily have attempted artificially to pump-prime the economy. But we resisted that, because it would have simply put us back on the path of the cyclical boom-and-bust periods which have for too long characterised the Australian economy. Any jobs created in the boom would have been more than offset by the jobs lost in the subsequent bust.

Second, while the Budget is the first in five years to provide for a deficit, all spending initiatives are fully offset by savings. We have protected the structural integrity of the Budget while at the same time taking initiatives, especially for families and disadvantaged groups.

Third, the changes to Medicare are designed to further entrench a great reform into the Australian landscape. The problem of overservicing had to be addressed. We have done it in a way which preserves the fundamental characteristics of Medicare and in a fair way which protects those least able to afford it and those in greatest need.

Finally, this is a Budget containing far-sighted reforms in the area of superannuation. Like Medicare, it would have been easier to duck the problem. Instead, we have tackled it head-on and, in doing so, have laid firm foundations for the retirement incomes of our rapidly ageing population into the twenty-first century.

In the ninth Budget of my Government, we are still taking the tough decisions, we are still doing what is best for Australia's long-term interest. We have always drawn some flak for our tough decisions. But the Australian people have always recognised and rewarded my Government for displaying a commitment to the long term. I believe they will continue to do so.

Mr Chairman

My Government is acutely aware of the difficulties currently being experienced in rural Australia.

I don't propose to reiterate Budget details which you already know, but I will mention one major reform which benefits families in rural Australia - those families which, as we say, are asset rich but cash poor. The introduction of an assets test on the family allowance, at a threshold of \$600,000 net of debt and excluding the family home, has been accompanied by hardship provisions to protect asset rich, cash poor families. For two years from 1 January 1992, these families will continue to receive the Family Allowance component of the Family Payment regardless of the value of their assets if current income is less than the basic rate Social Security benefit - \$13,078 plus \$624 per child - provided liquid personal assets are less than \$10,000 in the case of a couple.

From the same date, families meeting the above tests and with net business assets up to a value of \$600,000 will also become eligible to receive the equivalent of the present Family Allowance Supplement under the new combined Family Payment. Under the new arrangements, families could be eligible for family assistance payments of up to about \$50 a week per child.

We have also put in place a strategy to facilitate rural and regional development. To reduce gaps in rural and regional services and to promote the diversification of rural and regional economies, we have introduced new measures in the 1991-92 Budget with additional funding of \$2.3M in 1991-92, and \$4.3M in both 1992-93 and 1993-94.

Like the Budget as a whole, these measures need to be seen against the background of Government action through the year. In particular, the then Minister for Primary Industries and Energy announced in April an increase in funding for the Rural Adjustment Scheme by \$100M to \$160M in 1991-92. This assistance is directed to those farmers most in need and gives the Commonwealth the capacity to support up to \$1.4bn of rural debt in 1991-92.

In addition to these programs, the Government recognises the particular mix of difficulties facing the residents of Northern Australia. A Northern Australia Social Justice strategy is to be developed over the next year, in conjunction with a Northern Australia Economic Strategy.

Mr Chairman, in conclusion let me say that whenever I come to Northern Australia, whether here in Mt Isa or in Darwin, North Queensland, or the Kimberleys I realise once again how the economic and social balance in Australia is changing.

Southerners, more and more are coming to see that where the twentieth century has been dominated by the south, the twenty-first will swing to the north.

Gentlemen knew that a long time ago, and if there is one criticism that I might make, it is that you have kept the secret of Northern Australia to yourselves for too long.

The fundamental changes my Government has made in the economy of Australia, whether in encouraging tourism in the North by abolishing the two-airline policy and protecting our wonderful environmental tourist attractions, or redirecting our trade efforts towards our Asian and Pacific markets, have changed, and benefited Northern Australia more in the last nine years than in the previous ninety.

But whatever the future holds for Northern Australia one thing is for sure : cattle - and cattlemen - will play an important part in it.

Thank you.

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