

REBUILDING REGIONAL AUSTRALIA

STATEMENT BY
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REBUILDING REGIONAL AUSTRALIA

OVERVIEW

The Liberal-National Government's priority on families and small business is central to its commitment to regional Australia. It is based on the need to encourage and enhance the development of regions and to improve the standard of living of all Australians — no matter where they live. The Government's ambitious economic reform agenda will maximise both the potential of regions and the benefits they can derive from these reforms.

The Coalition Government has not simply sat idly as regional Australia continued to suffer from neglect. It has implemented real measures to benefit regional Australia. In just six months, the Coalition has announced a new extended drought package, a more sensible forest package giving both jobs and environmental protection, maintained the Diesel Fuel Rebate Scheme, held the rural Finance Summit and cut the rate of provisional tax. This Budget continues the pace.

The Budget contains a number of important initiatives for regional Australia. The highlights include:

- **less pressure on interest rates** for families and small business through a major effort to reduce the Budget deficit;
- a \$1 billion **family tax initiative** which will give families more choice about work and parenting;
- a \$150 million per annum reduction in **capital gains tax** for small business to provide incentive to invest and to employ;
- \$450 per annum assistance for families to take out **private health insurance**;
- a new \$148 million **Road Safety Black Spot** programme to improve roads, 50 per cent of which will be spent on rural roads;
- the **Supermarket to Asia Strategy** to develop new markets for food exports;
- \$30 million to maintain core **environmental and natural resource programmes** in 1996-97 pending the partial sale of Telstra;
- an additional \$49 million to accelerate **Regional Forest Agreements**;
- a \$1.6 million increase in assistance to isolated families under the **Assistance for Isolated Children** scheme;
- restoration of **CSIRO** funding;
- an \$11 million expansion of access to the **Special Broadcasting Service** network to a further five regional areas by 1999;

- a \$90 million extension of **drought assistance**;
- a cooperative joint venture to help rural and remote communities establish **credit unions**;
- **an integrated shopfront** for services provided by the Departments of Social Security and Employment, Education, Training and Youth Affairs;
- the lodgement of **Medicare** claims through selected **pharmacies**;
- an information and counselling **support service for families** and young people;
- an enhanced focus on facilitating major projects in regions, including the establishment of a **Ministerial Working Group on Regional Affairs**;
- the development of six University departments of **rural health**; and
- a \$20 million reduction in FBT on **remote area housing**.

The value of these initiatives is not measured in their cost alone but in the contribution they make to the economic prosperity of regions and the quality of life of their communities.

The Commonwealth has a clear and valuable role to play in enhancing the prosperity of regional Australia. This role derives from its responsibilities for national economic management, its leadership role in economic reforms, and the need to ensure that its policies and programmes meet the needs of regions.

The Government's strategy for regional Australia will maximise our regions' potential by:

- ensuring that regional communities have the support and services they need;
- building an environment where businesses have the flexibility, cost structure and incentive to invest and grow;
- getting the economy working so there are fewer constraints on sustained growth; and
- providing a sound basis for development through better management of the land, water and resources and by providing greater investment opportunities in regional Australia by addressing the causes of economic uncertainty.

SUPPORTING REGIONAL PEOPLE

Support for Rural Families

The family unit is the fabric of society, regardless of location. The centrepiece of the Government's election commitment to families is the **Family Tax Initiative**. It provides additional support to families where there is one breadwinner and opens up new opportunities for families to make decisions between work and care of children.

The Family Tax Initiative will direct over \$1 billion in additional assistance over a full year to almost 2 million families with combined incomes below about \$70,000 per annum. Families which qualify will receive an increase in their tax free threshold of \$1000 per annum per eligible child. Single income families with children under five will receive an additional increase to the tax threshold of \$2500.

The majority of eligible families will be able to access assistance through the taxation system, through a reduction in PAYE deductions or provisional tax for one taxpaying partner, or by one partner claiming it only when lodging a tax return at the end of the financial year. The Government's concerns to ensure that low income families also get the help they need means that they may claim an extra fortnightly cash payment, known as the Family Tax Payment, from the Department of Social Security instead of the tax concession.

The Government is committed to ensuring that families have access to affordable child care. Specific strategies are in place to assist families in geographically disadvantaged areas, including the retention of some capital under the **New Growth Strategy** for the establishment of services in rural and remote areas.

The Government is concerned about the stress rural and regional families have experienced over the last few years. For too long they have suffered under intense pressure without access to adequate **counselling and support services**. In this Budget the Government has developed an integrated approach to providing the support youth and families under pressure need. This integrated package will provide assistance to address the particular pressures of family life, for example, when young parents first start to cope with raising young children or when adolescent children run away from home or turn to self harm. Specific strategies incorporate:

- an extra \$2 million per annum for marriage and relationship education;
- \$4.3 million will be provided over two years for parenting education to develop community based programmes aimed at prevention of violence, resolution of conflict and increased skills in parenting and family relationships;
- an additional \$18 million over three years for the National Youth Suicide Strategy to reduce youth suicide and self harm;
- \$8 million over two years for the Youth Homelessness Pilot Programme to assist with family reconciliation and to re-engage young homeless people in family, work and education within their communities; and

- an extra \$5 million per annum for the Emergency Relief programme which enables community groups to provide one-off cash assistance to people in need.

The Government is aware of the special problems that people in remote areas have in providing their children with the same educational opportunities as other Australians. The Government is enhancing the **Assistance for Isolated Children** (AIC) scheme and maintaining the additional assistance to indigenous students via ABSTUDY. We have delivered on our election commitments to provide additional assistance to isolated families under AIC. The Correspondence Allowance, paid under AIC, has been increased to \$1000 per annum for primary students and \$1500 per annum for secondary students and the non means-tested Boarding Allowance has been increased to \$2900 per annum. The Government has also indicated its intention to introduce a Youth Allowance from 1 January 1998 which will result in an income support system that better meets the needs of young people today and which recognises that more young people are mixing labour force participation with training or education.

In light of concerns about the hardship suffered by rural farming families, the Government will establish a **Special Rural Task Force** to review the impact of the **Social Security assets test** to ensure farm families are not disadvantaged. In particular, it will look at the assets test for farmers who wish to retire and pass the farm on to their immediate relations who are already working the farm and drawing their primary income from it. The Task Force will also look at how the assets test affects farmers who can not sell their property due to market conditions, who stay on small or non-viable land holdings which cannot generate income beyond the age pension limit, or who can not subdivide and sell their land due to government restrictions.

Service Delivery

People in the regions have a right to expect good service and access to Commonwealth programmes, including through innovative private sector mechanisms.

Access to the full range of government services is to be streamlined with an emphasis on integrating service delivery and access for customers. The Government will provide the same services at a lower cost. Putting in place commonsense efficiency measures means that people of regional Australia will have access to the same range of services while dealing with fewer agencies.

A new, **integrated shopfront** will initially cover all the services provided by the Department of Social Security and a number of services currently provided by the Departments of Employment, Education, Training and Youth Affairs and Health and Family Services. It will have the potential to add to these and become a **'one-stop shop'** for a wide range of government services. For example, from the beginning of 1998 families using child care services will only have to deal with the new agency whereas at present three agencies are involved.

Selected pharmacies will be able to offer a direct fax service to the Health Insurance Commission to process **Medicare payments** for reimbursement by direct deposit into a bank account or by cheque payment.

The **Australian Taxation Office** (ATO) is participating in 'one-stop shop' facilities (in combination with other small business bodies such as State Government Small Business Offices) to provide service and tax advice to small business in regional Australia. The arrangements are initially being piloted in locations where regional tax offices were present. If the pilot programme is successful the ATO will consider similar arrangements in other regional centres. Alternative service delivery arrangements (for example, payments of tax through post offices and electronic return lodgement) will meet the needs of taxpayers in regional locations.

CreditCare is a cooperative joint venture between the Commonwealth Government and the Australian Credit Union Movement. Its purpose is to assist rural and remote communities without banks or similar financial services to establish their own credit unions or, where practicable, to assist the communities to gain access to the services of existing credit unions.

Employment

Access to training and employment is crucial to the advancement of all regions. The Government is changing labour market assistance arrangements to make them simpler and better for everyone: jobseekers, employers, and employment assistance providers. These arrangements will tailor assistance to the needs of individual jobseekers and ensure that it is focussed on getting people jobs. By December 1997, most labour market programmes will be 'cashed out' into a flexible pool of assistance and a contestable employment placement market will be created. In the interim, the current complex and confusing array of labour market programmes will be streamlined into four main groupings.

The new employment placement market will offer clear incentives to place jobseekers into real jobs, rather than endless cycling through a multitude of training programmes. Effective assistance of this nature will mean that more jobseekers are helped into real jobs before they become very long-term unemployed. The new arrangements will also offer employers a wider choice of agencies with which to deal in meeting their recruitment needs.

Although most labour market programmes will be 'cashed out' into a flexible pool of assistance, the Government recognises the need to provide special employment assistance to jobseekers in depressed regional and remote areas. A higher level of funding per client will be available where appropriate in the new employment placement market, and dedicated funding for depressed regions will enable **Regional and Community Employment Councils (RCECs)** to develop and implement strategies to improve the employment and skills base of regions with high levels of unemployment.

The major focus of the proposed Modern Australian Apprenticeship and Traineeship System (MAATS) is on a significant expansion in entry-level training opportunities for young people, providing them with greater access to real on-the-job and off-the-job training in a wider range of areas of career development. MAATS is about removing job-destroying regulation in the training system, giving industry greater leadership and giving enterprises greater incentive to take on apprentices. MAATS will modernise and

extend the proven concept of apprenticeships, to make them relevant to the needs of young people and industry in the 21st Century.

The Commonwealth will develop MAATS in partnership with industry and the States and Territories, working at the local and regional level. The Commonwealth will be working with the States to streamline the processes for approval of apprenticeship and traineeship arrangements, which are at present costly and cumbersome.

As far as possible, the operation of a streamlined regulatory system should be devolved to the regional and industry level. The Government will pilot in 1996-97 single point contact centres in regional Australia to link prospective apprentices and trainees with suitable local employers and service their needs. These centres may be extended after discussion with States and Territories on appropriate locations.

In addition, the Federal Government will provide more than \$40 million over the next three years for the **Green Corps**. This will allow 3500 young Australians to have the opportunity to take part in projects that will develop their own career prospects and help restore the environment. Young Australians aged between 17 and 20 years will work full time on projects for 26 weeks with an option to extend for a full year.

Health

The **Private Health Insurance Initiative** will give rural families a real choice about their access to private health care. By assisting families and individuals to self insure, the incentive relieves the pressure on the public hospital system by helping to reduce waiting lists. The initiative also recognises the benefits to the community which follow from people being able to insure for ancillary services and items not covered by Medicare, including preventive health measures. The Commonwealth will be providing income tested financial incentives from 1 July 1997 of up to \$125 per annum for singles and \$450 for families.

The Government will improve access to health care for people living in rural and remote Australia. All elements of our election commitment to address the crisis in the rural health workforce have been funded in full. Strengthening the capacity of the **rural health workforce** is a top priority, \$18 million will be spent over three years to establish University Departments of Rural Health. The Government has established the John Flynn Scholarships, a vacation scholarship programme for medical students who undertake supervised practice in a rural or remote community. We will provide taxation support for **Community Medical Scholarship Schemes**. Further initiatives include support for rural locum services for General Practitioner's (GP's) and specialists, and a package of \$20 million per annum for rural areas and hospitals to support research and development, rural infrastructure, training for rural doctors and career employment of non-specialist hospital doctors. The GP Rural Incentives programme will continue to be funded at around \$15 million per annum.

These initiatives are part of a longer term commitment to encourage doctors to service rural communities. In addition, the Government will fund relevant organisations to improve access by remote and rural communities to appropriate health services through the support and training of nurse practitioners.

We have also focussed on **preventive health initiatives** such as screening and mammography services for breast cancer. As indicated in *A Healthy Future*, we are widening the focus of the programme to ensure that women living in regional Australia have improved access to screening.

Health and Related Infrastructure in Indigenous Communities

Despite a dramatic increase in expenditure under Labor, Australia's indigenous people continue to suffer severe socio-economic disadvantage. The Government is addressing this by giving proper priority to housing, health and employment. Spending in these programmes has been protected, and resources will be targeted to the most needy communities, particularly in rural and remote Australia. We will apply these resources in a way that will directly benefit individuals and families. Spending will be maintained on essential health-related infrastructure and allocated in a strategic way to ensure significant and sustained improvements in living standards. Extra funds for health care means that many communities will, for the first time, have access to basic health services. Funding will also be maintained for the full number of participants in Community Development Employment Projects, the 'work for the dole' scheme that is the major source of work in many indigenous communities.

A Safer Community

The Commonwealth and the States and Territories have agreed on a tough and uniform approach to gun control which will deliver to Australians — including those in rural and non-metropolitan Australia — a safer place to live. These historic measures will avoid any slide into a 'gun culture' in this country.

The new controls will still allow individuals to own appropriate guns for a range of pursuits and are aimed at achieving the permanent removal of a large number of rapid-fire guns from the community. As well as a legislative ban, there will be a significant financial incentive for people to hand in these guns — through fair and adequate compensation financed by the Commonwealth's gun levy. Proper allowance for primary producers to cull feral pests has been made through allowing access to certain banned categories of guns where they can satisfy police of an appropriate need.

SUPPORTING BUSINESS

The vitality of small business is important for the national economy but even more important in the regions. A quarter of Australian small businesses operate in rural areas and they are the key to jobs and prosperity.

Small Business

One of the Government's first actions on gaining office was to reduce the **provisional tax uplift factor** to reduce the cash flow burden on small firms, including farm businesses.

The Government will also be providing an exemption from **fringe benefits tax for primary production employee housing** in remote areas. Changes to the **Capital Gains**

Tax legislation to provide rollover relief when the assets of small businesses are sold, and the proceeds are invested in the same or another like business, will take effect from the beginning of next financial year.

Another early priority for the Government was implementing its 100 day action plan for small business. The **Small Business Deregulation Task Force** will report on 1 November on how to achieve a 50 per cent cut in red tape. The June **National Small Business Summit** has produced a Charter of Principles for regulatory practice and commitments to improve licensing and registration processes. The States have agreed to cooperate with the Commonwealth to reduce unnecessary business regulation. A strengthened *Legislative Instruments Bill* is before Parliament and aims to ensure that new regulation is properly evaluated and transparent.

Farm Businesses

An activating committee chaired by the Parliamentary Secretary to the Minister for Primary Industries and Energy, Senator Brownhill, has been established to address the issues discussed at the **Rural Finance Summit** held in July. The Committee will look at financial incentives and disincentives, the business environment, farm adjustment and social welfare, and the finance industry.

The Government remains committed to facilitating adjustment and enhancing the competitiveness of the farm business sector. Overall, estimated funding for the **Rural Adjustment Scheme (RAS)** programme will increase over actual expenditure in 1995-96. Both normal and regional RAS funding will increase. The fall in Drought Exceptional Circumstances (DEC) funding reflects improved climatic circumstances. However, the Government has maintained its commitment to provide assistance to those farm business continuing to experience exceptional drought conditions in Queensland and New South Wales. **It has also extended drought exceptional circumstances assistance to new areas affected in Western New South Wales.**

An estimated \$48.4 million will be spent under the Rural Adjustment Scheme (RAS) Drought Exceptional Circumstances (DEC) provisions in 1996-97 to support long term profitable farm business currently affected by drought. A further \$87.3 million will be spent on the **Drought Relief Payment (DRP)** for farm family income support.

The DEC assistance under the RAS will assist long term viable farm businesses to meet the impact of prolonged and severe drought. DRP assistance will help provide basic necessities to farm families whose incomes have been severely reduced by drought.

Diesel Fuel Rebate Scheme

The Government has reaffirmed its election commitment to continue to support the primary production, mining and 'other' sectors through the Diesel Fuel Rebate Scheme (DFRS).

In the current fiscal climate, however, the growth of outlays under the Scheme is of concern to the Government. This concern is due both to a broadening of eligibility in

the mining sector and, more generally, over claiming (an issue raised in May 1996 by the Australian National Audit Office's Performance audit report).

Following consultation with industry, the operation of the DFRS is to be revamped from 1 January 1997 to give legislative effect to restrictions on eligibility under the mining component of the Scheme. In addition, the Government will continue to effect administrative changes to reduce the level of over claiming of the rebate.

The retention of the DFRS will be of significant benefit to regional Australia through the assistance it provides to primary industries — industries which generate a large percentage of the jobs in both regional and urban Australia.

Research and Development

Research and development plays a major role in improving the international competitiveness of our industries. **CSIRO's funding base** will be increased by \$115 million over four years, benefiting industries in rural and regional areas where a substantial number of CSIRO's research projects are focussed.

Other assistance for research promised in the Government's election commitments, amounting to some \$340 million over four years, will benefit industries in rural and regional Australia. The Government reaffirms its commitment to match industry levies for rural research and development up to 0.5 per cent of the gross value of rural production.

Economic Management

The Government's fiscal policies will help take the pressure off long-term interest rates. The reduction in official interest rates on 31 July will benefit regional economies by taking pressure off farmers, small business and householders. It has already been reflected in lower mortgage and prime lending rates, and comes on top of the reductions in mortgage rates earlier in the year in response to increased competition within the financial sector.

The 1996-97 Budget includes the means to meet the Government's election commitments. In considering these commitments, however, the Government could not responsibly ignore the substantial underlying budget deficit it inherited. Accordingly, the Budget also includes a thorough overhaul of all expenditure to ensure that taxpayers continue to receive value for their tax dollar.

Reducing the cost of the Commonwealth Government will ultimately benefit all Australians through less pressure on taxation, interest rates and the current account deficit. Importantly, it will result in a smaller legacy of debt to our grandchildren.

Microeconomic Reform

The Government will increase the pace of microeconomic reform. Sensible microeconomic reform will yield lower prices, improved services and a more flexible, resilient economy. We have seen the results from the current reform programme of

lower prices from tariff reductions, and cheaper airfares and phone calls, combined with greater choice in services. For example, competition between domestic airlines since 1990 has seen average airfares fall by around 20 per cent, with more frequent and improved services.

But the Government has also faced up to the issues the previous government put in the too hard basket: badly needed industrial relations, waterfront and other transport reforms. It has in train effective policies to tackle these issues. Productivity on the Australian waterfront remains substantially below world's best practice and is slipping further behind. For example, crane rates at Asian ports are between 33 per cent and 183 per cent higher than crane rates at Australian terminals. A cheaper and quicker waterfront will make it easier for regional producers to compete in export markets, and so provide growth and jobs.

The Industry Commission Report *Impediments to Regional Industry Adjustment* found that **industrial relations** was a key issue for the productivity of regions and for regional employment.

The reforms to Australia's outdated, overregulated, inflexible labour market are fundamental to the expansion of regional and rural economies and their businesses. It will be much easier for employees to form a direct relationship with their employer without the uninvited involvement of a trade union. Wages and conditions will be determined as far as possible at the workplace level within a framework of minimum conditions. Employees who enter into workplace agreements will not receive less take home pay than they would have received under the relevant award. Compulsory unionism and secondary boycotts will be outlawed, the latter through the reintroduction of secondary boycott provisions to the *Trade Practices Act*. The unfair dismissal laws — which in their current form are a disincentive to employment growth, particularly in small business — are also being reformed.

The Government's workplace reforms will provide impetus to reducing costs and increasing productivity in the meat industry. Our meat processing costs are up to three times higher in Australia than those in similar US plants and twice those of New Zealand plants. The Industry Commission found that reform of restrictive work practices could reduce meat processing costs by at least 8-10 per cent. Efficient meat producers should not have to bear such additional imposts which accrue after the product leaves the farm.

The Minister for Primary Industries and Energy, John Anderson, has announced arrangements for implementation of the government's reforms for the Australian Quarantine Inspection Service (AQIS) meat inspection programme. A task force has been established to critically review AQIS' overhead costs and operations and examine the progression to company based inspection based on quality assurance systems. The reforms when implemented will deliver further savings to the meat industry.

The application of the **competition policy principles** and the creation of national markets will allow private firms to compete more effectively, resulting in lower costs for all. In applying the competition principles the Government will carefully assess the costs and benefits. Where it can be demonstrated that anti competitive arrangements are

the best way to serve the public interest they can still be used. We have retained the single desk for wheat exports for the Government's first term and wheat marketing arrangements will be reviewed in 1999-2000.

Clearly defining the **roles and responsibilities of the Commonwealth, State and local government** is an important part of improving public services. The shift to more flexible funding arrangements will allow State governments to tailor service delivery to local needs and achieve better standards of service and lower costs. Funding for local government has been maintained in real per capita terms and local government has not been asked to contribute towards the Commonwealth's fiscal task.

SUCCESSFUL DEVELOPMENT IN THE MID-MURRAY REGION

The Mid-Murray region (encompassing Shepparton in Victoria through to Deniliquin in NSW) is a region that has attracted significant new investment and has captured opportunities while adapting to substantial structural pressures. The Goulburn Valley sub region for example:

- has attracted private capital investment of \$350 million over the last four years in the value-added food sector, making it one of Australia's leading regional export centres;
- produces some \$1.5 billion worth of food products annually, with around \$1 billion of production for export; and
- expanded its industry base over the last five years from a heavy reliance on horticultural products to a major producer of value-added dairy products:
 - the Mid-Murray region now accounts for some 25 per cent of Australia's dairy production by value; and
 - the region has captured investment to fund critical water infrastructure projects and is spending over \$1 million to fund a research and development initiative that addresses electrical supply problems.

Recognising Leadership

Successful regions internationally and in Australia are those which have focused their future development on growth and diversity through export and trade. Success requires regions to create a world class business environment in which businesses will want to invest and in which those businesses can clearly see a secure future. This Government understands that regional leadership provides the key to adjustment and change.

The Government will work closely with regional leaders, especially in business. State and local governments are also playing a significant role in advancing the interests of regions, in particular through funding support. The Commonwealth will work cooperatively with them to ensure that the current support mechanisms for regional

leadership evolve in a way that will ensure maximum support for the needs of business and regional communities. In collaboration with the States, the Commonwealth will investigate options for networking and sharing experiences between regions to enhance the capacity of leaders to respond to the challenges and opportunities facing their regions.

Making better use of the talent and resources available has been an objective of the regional development organisations (RDOs). Even though the Government has decided not to fund new projects under the former Regional Development Programme, all existing contractual commitments will be honoured, recognising the energy and commitment demonstrated by regional leaders.

Facilitating Major Projects

The Commonwealth has a significant role in facilitating regional projects. Through Major Projects Facilitation status granted by the Minister for Industry, Science and Tourism, the Commonwealth works closely with major project proponents to ensure that:

- information required to satisfy the Commonwealth approval processes is promptly provided;
- all relevant government processes (Commonwealth and State/Territory) are coordinated so that, as far as possible, they occur simultaneously and without duplication and conflict; and
- Commonwealth agencies respond quickly to decisions requiring possible government support and interpretation of regulatory requirements.

The Minister and Parliamentary Secretary for Transport and Regional Development will work to address specific impediments and bottlenecks identified by proponents of regional projects which have national significance.

The Government will work to solve problems and difficulties in the developmental stages of these projects and help in brokering decisions by:

- brokering regional needs by providing linkages between regions and the key influences in economic development, including between project proponents and the investment community; and
- identifying relevant data and information held by Commonwealth agencies and investigating ways of improving regions' access to this information.

The Government will establish a **Ministerial Working Group on Regional Affairs** to be chaired by the Minister for Transport and Regional Development, to ensure that the needs and performance of regional areas are understood.

Funding of \$1.2 million over four years has also been provided in the Budget to facilitate the development of minerals resource projects on a coordinated regional basis.

The initiative is intended to provide a 'one-stop shop' for project approvals and better coordination of Commonwealth and State services. Where appropriate, additional resource assessment work integrating scientific, economic and technical aspects will be undertaken for selected regions.

Advancing Northern Australia

Positioned on the edge of the world's fastest growing and most dynamic economic region, the Asia-Pacific, Northern Australia is well placed to take advantage of the market opportunities in this area. The Government will respond to the Wran report and work with the Northern Territory Government and community to investigate opportunities to increase international awareness of Darwin's potential and develop the service sectors. In particular, through a revitalised Northern Australia Ministerial Council, the Government will work to maximise the benefits from economic development across State borders and ensure a clear focus on transport priorities.

Tasmanian Package

The Government is committed to achieving equality for Tasmanians in developing opportunities for their State. Initiatives include:

- \$7 million over three years for the revitalisation of Launceston, particularly the inner city (focussed on the redevelopment of the Inveresk railway site);
- \$8.8 million over three years for Tasmanian Water Quality Initiatives which will improve the water quality and social amenity of the Derwent, Tamar, Huon, King and Queens Rivers and Macquarie Harbour;
- \$33 million over four years for the Bass Strait Passenger Vehicle Equalisation Scheme which will provide a vehicle rebate for motorists thereby encouraging tourism and employment in Tasmania;
- a five year funding plan for the Tasmanian Freight Equalisation Scheme, following a review of the scheme's current rates of assistance to ensure shippers receive appropriate compensation for the cost disadvantages of shipping across Bass Strait;
- an update of the 1976 Callaghan report to review Tasmania's industry and employment opportunities;
- \$150,000 over three years for the Australian Axemen's Hall of Fame; and
- \$2.5 million over three years for the International Antarctic Centre.

Understanding Our Regions

A comprehensive understanding of regional economic performance helps regions focus on performance and is a powerful tool for regions in marketing their strengths and opportunities to potential investors.

There are many sources of data on economic performance held by Commonwealth agencies, but there are also difficulties in accessing data at the regional level. The Government will work to make data available at the regional level, to enhance economic assessments, performance benchmarking, and the implementation of marketing strategies to support investment growth.

MAKING THE CONNECTIONS

Today it is more important than ever for people in the regions to develop and maintain commercial linkages to the information, services and markets they need to prosper and grow. Equally important is the building of educational and cultural bridges through improved services and new technology.

Better Communications

Communications are not only an essential tool for business, they also provide vital social and educational links for rural and remote areas.

The Government has given a high priority to drafting legislation to implement an open, competitive telecommunications regime from July 1997. This will enable the development of a strong telecommunications industry offering better levels of service at lower prices. The opening of the telecommunications sector to competition has already delivered benefits Australia-wide. For example, because of innovative charging and aggressive competition, STD charges fell by 9 per cent in 1994-95.

The partial privatisation of Telstra is one of the key elements in our broader telecommunications policy. The sale of one-third of Telstra will make it subject to the scrutiny of the market and, as a result, more responsive to its customers and a more efficient company.

The universal service obligation in the Telecommunications Act guaranteeing customers in rural and regional Australia standard service at an affordable price, has been reinforced in the Telstra sale bill.

The support we have had from people in rural Australia for this policy initiative demonstrates an understanding that, far from their services being under threat, they stand to gain improved service, as well as a genuine long-term capital investment in Australia's environment.

Importantly, the Government is also:

- reviewing the definition of a 'standard telephone service' to reflect new technology and changing community needs; and
- identifying options to ensure rural and remote areas have access to high quality telecommunications services, enabling high speed transmission of data.

Through our joint funding of the Farmwide Online Services pilot project with the National Farmers Federation, Telstra, On Australia and IBM, 1000 people living in rural and regional areas all over Australia will be connected to online services and the Internet for \$5 per hour and the cost of a local phone call. This will give participants access to the wealth of data through the Internet and allow for the development of tailored rural services online such as machinery sales, real time stock prices, foreign exchange rates and the weather. In addition, private sector service providers are establishing greater local call access to the internet in rural and regional Australia.

The House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform is conducting a review of Australia Post's community service obligations, in particular to rural and remote areas. It is expected to report in September 1996. As part of the inquiry, the Committee will consider the establishment of a Charter of Responsibilities for Australia Post. It will include minimum performance standards, delivery times, retail services and postal services for rural and remote areas.

Efficient Transport

The Government is conscious that there needs to be a strategic approach to improve transport infrastructure so goods can reach markets efficiently and at the lowest cost possible. A lower cost transport system will reduce many of the financial costs associated with living in the regions.

We plan to create a competitive environment in rail infrastructure — competition will produce higher quality lower priced services for users. Therefore, we are encouraging private participation in rail services and will work towards establishing rail track arrangements to facilitate the entry of new operators to inter-State rail services.

The Government allocated more than \$800 million in 1996-97 for construction and maintenance of the National Highways and Roads of National Importance. The funding includes \$75 million for the Pacific Highway, thereby confirming the Government's election commitment to upgrade this highway. The highway and roads programme is of particular benefit to regional Australia, with the majority of funds spent to provide improved links from rural and provincial centres to cities and major ports.

In addition, the Government has established a **Road Safety Black Spot** programme of nearly \$150 million over the period to the year 2000 to help cut the road toll. The programme explicitly recognises there are rural road safety problems and directs 50 per cent of funding to rural roads, a much higher proportion than under the previous government's discontinued programme.

The Government's general industrial relations reforms will be a key driver of reform in the waterfront and shipping sectors and will set a framework through which productivity, performance and cost improvements can be achieved.

The House of Representatives Standing Committee on Transport is currently holding public hearings as part of its inquiry into the air freight capacity of regional airports. The Committee's report will identify the current capacity of regional airports, together with the potential for enhanced capacity. Its findings will be of major interest to regional exporters, particularly those exporting time-sensitive goods such as perishables.

Arts and Broadcasting

The arts and cultural pursuits are particularly important in enhancing life in regional Australia. Through the successful cultural access programmes, Playing Australia and Visions of Australia, Australians outside capital cities are able to experience the best in

Australian performing arts and exhibitions. The **Regional Touring Fund** has been established to assist Playing Australia and Visions of Australia by subsidising travel costs to regional areas. The new Festivals Australia programme is already having a significant impact in rural and remote areas by providing support for increased cultural activity at regional festivals.

The Government's strong commitment to developing the arts in regional Australia is demonstrated by the introduction of a new **Regional Arts Fund**. Administered by the Australia Council, the fund will provide greater opportunities for artists and arts organisations outside major population centres to undertake creative projects.

Access to broadcasting services for rural areas will be improved by the **expansion of the Special Broadcasting Service network** into a further five regional areas over the next three years. Importantly, the terms of reference for the review of the ABC's role and functions will pay special regard to the needs of rural and remote communities. The Government has instigated a process whereby all communities can make submissions to this review.

Export Markets

Our approach to strengthening connections is not confined to the domestic arena. We are committed to deepening the commercial and economic linkages between Australia and countries in our region to open up new business and growth opportunities for regional Australia.

Tapping the considerable potential for increased food exports to Asia will deliver benefits to regional Australia through new opportunities, better returns and more jobs. The entire food industry chain will benefit, from farmers to processors to service providers and exporters. We are confident that by working together the Government and the food industry can overcome the key impediments to success in the Asian markets. One of the crucial elements will be effective rural leadership in identifying and addressing the main obstacles.

The Government has provided funding in the Budget for the development of a **Supermarket to Asia Strategy**. Further details will be announced by the Prime Minister shortly.

The Government is working hard to improve market access for Australian regional exporters. Bilaterally, we have negotiated airfreight flights between Australia and Indonesia (a growing market for Australian fresh produce), a new trade agreement with Malaysia and a food inspection agreement with New Zealand. We have also established a government market development task force to review priority markets and develop strategies to increase our share of these markets.

We are pressing APEC members, each of whom has now tabled an initial action plan of how free trade is to be reached by 2010-2020, to include new opportunities for Australian exporters. On the multilateral front we are preparing for new negotiations under the World Trade Organisation, including working with the Cairns group to bring down barriers to our agricultural exports.

PROTECTING THE CAPITAL BASE

One of the key challenges this nation faces is to preserve its natural environment for the benefit of our children and grandchildren. The Government is committed to putting in place structures that will produce jobs and rising living standards through economic growth that is environmentally sustainable.

The real underlying material wealth of Australia, the natural resource base, is depreciating. We have been under-investing in 'repairs and maintenance' to compensate for the depreciation of the natural capital which underpins our material wealth.

Little of our natural environment has escaped modification, and what remains is under increasing pressure. It is estimated that seventy percent of all native vegetation has been removed or significantly modified, with substantial clearing during the last fifty years. Once widespread species are declining. Many of our wetlands have disappeared and the water quality and flows of our key rivers are dramatically reduced. For example, flows at the mouth of the Murray River approximate drought levels two years in three, compared with one year in 20 under natural conditions. The quality and health of our soils has also suffered, through erosion, salinity, loss of structure or acidification.

The community has responded well to the challenge of improving management of our natural resources. The Landcare movement, for example, has grown rapidly and today there are some 2500 voluntary Landcare groups spread nationally. The movement is supported by the Federal and State governments in partnership with the community. But these resources are not sufficient. Governments must do more if we are to be successful.

The Government will spend an additional \$1.15 billion over the next five years on the most integrated and far-reaching package of conservation and natural resource management initiatives this country has seen.

The centrepiece of the Government's environment package is the **Natural Heritage Trust** of Australia Reserve (the Trust). The Trust will be sourced from the partial sale of Telstra, and will result in a major transfer of capital for investment in the rehabilitation of Australia's natural capital.

Legislation establishing the Natural Heritage Trust of Australia Reserve has been introduced into the Commonwealth Parliament, with \$700 million from the Trust to be used to fund five capital projects:

- a National Vegetation Initiative to reverse the long term decline in the extent and quality of Australia's native vegetation cover, with funding of \$318 million over five years;
- the rehabilitation of the Murray-Darling Basin through the implementation of the Murray-Darling 2001 project, with funding of \$163 million over five years;
- a National Land and Water Audit, with funding of \$32 million over five years;

- a comprehensive National Reserve System to protect Australia's biological diversity, with funding of \$80 million over four years; and
- a \$100 million Coasts and Clean Seas initiative comprising widespread activities over four years to protect coastal areas and complementing the first ever national oceans policy.

Further major initiatives to address environment and sustainable agriculture issues such as the National Landcare Programme, Rivercare, and action on feral animals will be partially funded from interest from the Trust, together with funding from Consolidated Revenue which will be appropriated to the Trust.

At the end of the five years, the remaining \$300 million capital will be retained in the Trust and will be invested to create a continuing income stream for recurrent expenditure on additional environmental and sustainable agriculture projects.

Frameworks are in place to deliver an integrated package of landmark initiatives in the most efficient and effective manner, in cooperation with the States, Territories, the private sector and the community.

The Telstra sale legislation is currently before the Senate. Once this legislation, and related legislation establishing the Heritage Trust is passed by the Parliament, funding arrangements for the Trust in 1996-97 which were promised before the election, will commence.

However, the Government recognises the importance of maintaining core programmes and effective planning to establish a solid launching pad for the Trust. Nearly \$30 million has been provided as additional funding for a range of key **environment and natural resource management programmes** including funding during 1996-97 which will support World Heritage Area management, reserves, endangered species, wetlands, Landcare, the Murray-Darling Basin, improved management of weeds and feral animals, vegetation planning and continuing the momentum on the One Billion Trees, Save the Bush and Corridors of Green programmes.

When the Senate approves the package, the significant funds under the Trust will be able to flow quickly to the areas of high need.

Forests

It is possible to have good development outcomes at the same time as protecting the environment.

The Government has injected an additional \$49 million to accelerate the development of **Regional Forest Agreements** (RFAs) under the National Forest Policy Statement. The Government's new timetable addresses community and industry concerns about the timing of RFAs without compromising the rigour of environmental, economic and social assessments. RFAs will create a better climate for long-term investment in Australia's forest industries and, in turn, improve the economic security of many

regions which depend on forestry. They will also ensure protection for high value conservation areas.

A new transitional woodchip export regime has been established to alleviate difficulties faced by exporters under the previous licensing arrangements. In particular, exporters will be able to make greater use of sawmill residues and thinnings, which would otherwise be wasted. The new arrangements will operate pending the completion of RFAs.

Native Title

Native title has had its greatest impact in regional Australia, in particular on the mining and pastoral industries. During the election campaign the Government gave a commitment to retaining the *Native Title Act 1993*, but reserved the right to propose amendments to ensure its workability while respecting the provisions of the *Racial Discrimination Act 1975*. Extensive consultations with a broad range of interest groups for that purpose have been undertaken and are continuing.

The package of amendments introduced in the *Native Title Amendment Bill 1996* and the further amendments on the right to negotiate and representative Aboriginal and Torres Strait Islander bodies which will be introduced in the Spring Sittings not only fulfil the Government's election commitment but are also in keeping with the principles established by the High Court in *Mabo (No 2)* in 1992.

It is clear that the Native Title Act in its current form is not producing the certainty that rural industries need. It has been four years since the High Court decision and well over two years since the Act came into operation, yet as at 6 August 1996 there had been 390 applications for determination of native title lodged and not one determination made; and of 1013 notifications of future acts which have attracted the right to negotiate, only 29 successful agreements under the right to negotiate provisions.

There have been a number of requests by State and industry for legislation to confirm that grant of a valid pastoral lease has extinguished native title. The Government believes in fact — as did the previous government — that native title had been extinguished by the valid grant of a pastoral lease and has argued this position strenuously before the High Court in the recent *Wik* case. However, the Government's advice is that amendments extinguishing native title on valid pastoral leases would probably be inconsistent with the principles of the Racial Discrimination Act and thus inconsistent with our election commitments. We do not propose such legislation.

However, a number of amendments are being proposed to overcome many of the difficulties currently being experienced by those who have to work with the Act. The proposed legislative package reflects a balance between the continued recognition and protection of native title and the economic development of the nation. The amendments aim to:

- allow for more diverse activities to take place on pastoral leases;
- reduce the likelihood of more than one native title claim over one area;

- reduce the impact of the right to negotiate on mineral exploration and mining and other future land use;
- streamline the processes for determinations of native title by the Courts;

- clarify the future role of the National Native Title Tribunal; and
- facilitate greater use of agreements between parties under the Native Title Act.

The proposals also strengthen the responsibilities of the representative bodies by establishing a statutory framework which will improve their accountability and consistency of performance. The Government believes that the representative bodies can bring some order to the claims process by conciliating between groups with overlapping claims.

The Government hopes that the amendments will be passed by the end of the year.

Table 1: Outlays Measures

	Effect on Outlays			
	1996-97	1997-98	1998-99	1999-00
	\$m	\$m	\$m	\$m
Drought - Additional Funding for Drought Areas Under Exceptional Circumstances Provisions of Rural Adjustment Scheme	89.6	0.8	0.0	0.0
Commonwealth Scientific and Industrial Research Organisation (CSIRO) Increase in Funding for 1997-98 - 1999-00	8.8	32.0	35.4	38.9
Reduction in the Regional Economic Development Programme	-3.8	-11.0	0.0	0.0
Capital Funding for Black Spot Roads Programme	36.0	36.7	37.5	38.4
Bass Strait Passenger Vehicle Equalisation Scheme	7.5	8.5	8.5	8.5
Rural Adjustment Scheme - Savings from Normal Component	-4.6	-4.3	-4.3	-1.8
Australian Quarantine and Inspection Service - Efficiencies in Operating Costs	-6.6	-13.8	-10.1	-14.3
Extension of SBS TV to Regional Areas of New South Wales and Queensland	1.9	4.3	4.2	0.7
Regional Arts Fund to Improve Access to Cultural Activities in Regional Areas	1.5	2.5	3.6	0.0
Regional Touring Fund - Extension of Playing Australia to Include Intrastate Touring	0.5	1.0	1.6	0.0
Major Festivals - Development of New Dramatic and Other Cultural Performances	0.5	0.5	0.5	0.0
Introduction of Pharmacy-Based Medicare Claiming Services	8.7	-0.2	-2.3	-5.7
Establishment of the National Youth Suicide Strategy	3.2	8.7	6.7	0.0
The John Flynn Medical Student Vacation Scholarships	0.4	0.8	1.1	1.5
The Establishment of Six University Departments of Rural Health	3.0	6.0	9.0	9.0
Further Specialist and General Practitioner Rural Locum Support	0.2	0.3	0.3	0.2
The Promotion of Support and Training for Nurse Practitioners	0.2	0.4	0.4	0.0
Additional Increased Funding for the Emergency Relief Programme	5.0	5.0	5.0	5.0
Youth Homelessness Pilot Programme	2.6	4.0	1.6	0.0
Contribution to Facilitation of Regional Mineral Development and Geoscience Mapping	0.3	0.3	0.3	0.3
Abolition of Regional Development Programme	-53.1	-55.2	-53.0	-20.9
Inveresk Redevelopment Project - Redevelopment of Inveresk Railway Facilities in Launceston	3.0	3.1	1.0	0.0
Establishment of the Green Corps Scheme	3.7	15.5	22.4	0.0
Extension of Marriage/Relationship Education Services	2.0	2.0	2.1	0.0
International Antarctic Centre - Grant to Tasmania	1.0	0.8	0.8	0.0
Axemen's Hall of Fame	0.1	0.1	0.1	0.0
Improving Access of Aboriginal and Torres Strait Islander Peoples to Primary Health Care	0.8	6.1	8.3	8.5
Tasmanian Water Quality - Improve Water Quality and Social Amenity of Key Waterways	1.8	3.6	3.6	0.0
National System of Reserves	1.0	0.0	0.0	0.0
Continuation of the Development of the National Pollutant Inventory	1.4	0.0	0.0	0.0

Outlays Measures — continued

	Effect on Outlays			
	1996-97	1997-98	1998-99	1999-00
	\$m	\$m	\$m	\$m
Regional Forest Agreements - Expediting the Timing of the Comprehensive Regional Forest Assessments	18.7	24.8	5.2	0.0
Continuation of National Vegetation Programmes	2.5	0.0	0.0	0.0
Continuation of World Heritage Areas - Management and Upkeep	0.5	0.0	0.0	0.0
National Feral Animal Control Strategy	4.4	0.0	0.0	0.0
National Weeds Strategy	1.9	0.0	0.0	0.0
Funding for National Landcare Projects	8.0	0.0	0.0	0.0
Endangered Species Programme	1.0	0.0	0.0	0.0
National Wetlands Programme	0.5	0.0	0.0	0.0
Murray-Darling Basin 2001 Initiative - Additional Funding to Improve Natural Resource Management	4.7	0.0	0.0	0.0
Waste Management Awareness Programme	0.5	0.0	0.0	0.0
Increase Assistance for Isolated Children Correspondence Allowance	0.8	1.6	1.7	1.6
Increase Assistance for Isolated Children Boarding Allowance	1.6	3.2	3.2	3.3
Diesel Fuel Rebate Scheme (DFRS) - Revamp to Curb Overclaiming and Contain Growth	-60.0	-123.2	-126.9	-130.7
Strategic Assistance for Research and Development Programme	40.0	100.0	100.0	100.0

Note: Figures in the table are rounded.

Measures listed in the order they appear in Budget Statement No. 3

Table 2: Revenue Measures

	Effect on Revenue			
	1996-97	1997-98	1998-99	1999-00
	\$m	\$m	\$m	\$m
Capital Gains Tax Rollover Relief	-	-	-150	-160
Fringe Benefits Tax (FBT) on Remote Area Housing in the Primary Production Sector	0	-10	-5	-5
Gift Deductibility - Community Medical Scholarship Schemes	-	-1	-1	-1
Medicare levy - Gun Buyback Scheme	515	-15	-	-

Note: Figures in the table are rounded.