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OVERVIEW

The Commonwealth has a clear and valuable role to play in enhancing the prosperity of regional Australia. This role derives from the Commonwealth's primary responsibility for the national economy, in both macro-economic and micro-economic management and reform, which in turn depends significantly on the economic strength of regional Australia. The Commonwealth has developed its **Regional Australia Strategy** accordingly.

The Government's objective for regional Australia is to provide the economic, environmental and social infrastructure necessary for Australia's regions to realise their potential.

Policy and programme initiatives are being taken across all portfolios to achieve this objective: initiatives promoting economic growth; initiatives generating jobs; initiatives that renew and extend regional infrastructure; initiatives that ensure equitable access to services for people living in regional Australia; and initiatives that ensure environmental sustainability.

The Government's sound economic management over the past two years has created conditions conducive to achieving strong and sustainable economic growth and lasting reductions in unemployment. This has resulted in tangible benefits for regional Australia — such as substantial reductions in interest rates. As a result, farmers and small businesses with overdrafts of \$100,000 will save up to \$4000 a year. The Government continues to cut through red tape for small business, and has introduced significant labour market reforms.

The Government's **Regional Australia Strategy** is built on an acknowledgement that conditions in regional Australia vary dramatically. Some regions are facing difficulties in adjusting to economic globalisation and structural economic change. Moreover, much of rural Australia faces severe environmental problems, such as dryland salinity and soil erosion, that have the potential to undermine the capacity of some regions to sustain or expand their economic base.

Many other regions are growing rapidly, taking full advantage of the opportunities offered by globalisation. The South West and Kimberley regions of Western Australia, Victoria's Goulburn Valley and Far North Queensland are all successfully attracting national and international investment across industries as diverse as tourism, dairy-farming, mining and viticulture.

The Government's policies and programmes for regional Australia recognise and respond to these differing needs. The range and diversity of the **Regional Australia Strategy** is highlighted in this statement, which brings together the Government's response to the needs of our regions. These initiatives will provide lasting benefits to regional Australia.

THE REGIONAL AUSTRALIA STRATEGY

To achieve its objectives for regional Australia, the Commonwealth has identified key priorities as core elements of its 'whole of Government' **Regional Australia Strategy**. The Strategy encompasses:

- initiatives for employment and business;
- enhanced infrastructure for our regions, including telecommunications infrastructure;
- rural initiatives;
- improving services in regional Australia; and
- environmental sustainability.

Over the past two years, the Government has introduced substantial initiatives across portfolios that are of major benefit to regional Australia.

Regional Employment and Business Initiatives

The Government is creating the conditions for **sustained business and employment growth**. Interest rates are at historically low levels, and inflation is at a crawl. Through its trade policy, including the \$14.5 million Supermarket to Asia Strategy, the \$7.4 million Export Access Programme and the Tradestart initiative, the Government has secured new or improved access to key markets for Australian exporters. Additionally, the new Job Network is dedicated to getting unemployed people into jobs, and will make sure that employers find the right people for their vacancies.

Quality Infrastructure

Quality **infrastructure** is essential to the competitiveness of regional businesses and to the quality of life for people living in regional Australia. The Government has already committed \$1 billion to the Federation Fund, the bulk of which will contribute to national infrastructure, and a further \$250 million through the Regional Telecommunications Infrastructure Fund, *Networking the Nation*. In 1998-99, the Government will also spend \$787 million on the National Highway and Roads of National Importance. As well as addressing the commercial, travel and social needs of rural and regional communities, this expenditure on roads will create or sustain around 16,000 jobs in 1998-99.

Rural Initiatives

The Government recognises the inter-dependence of rural industries and communities and strives to encourage **social and economic development in rural areas**. The integrated rural policy package — Agriculture: Advancing Australia (AAA) — provides \$525 million to enhance the sustainability of our rural industries by promoting a better business and market focus for farmers and rural businesses. In addition, the Government has committed over \$300 million since 1996 to assist farmers under the drought relief provisions of the AAA package. The Government's success

in opening up new export markets is being enhanced by the work of the Australian Quarantine Inspection Service and the Australian Customs Service in developing a single electronic window to simplify and streamline export clearance procedures.

Service Delivery in Regional Australia

The Government is committed to the equitable delivery of **services to regional Australia**. It has already announced that a privatised Telstra will be required to fulfil universal service obligations for regional customers, and measures have also been announced on safeguarding mobile phone access in regional Australia and the introduction of digital television. This Budget also includes initiatives to improve the availability and delivery of health, aged care and family services.

Balanced Environmental Initiatives

The \$1.25 billion Natural Heritage Trust is the most integrated and far-reaching package of **conservation and natural resource management** initiatives ever introduced in Australia. The Government is committed to achieving balance between providing certainty for industry and protecting the environment.

The 'Whole of Government' Strategy

In 1998-99, the Government will build on initiatives that have been put in place over the past two years, in particular by further strengthening the linkages between portfolios and ensuring better communication between the Government and regional Australia. It will ensure that regions are aware of and able to take advantage of relevant programmes and policies across Commonwealth portfolios.

The appointment of the Hon Alex Somlyay MP as Minister for Regional Development, Territories and Local Government further underpins the Government's commitment to this approach. Mr Somlyay's appointment also brings together the Government's regional development and local government responsibilities within the Transport and Regional Development portfolio.

To achieve a better focus of Government activities in regional Australia, the Commonwealth coordinates and implements its priorities for Australia's regions through the peak Ministerial body, the **Ministerial Working Group on Regional Affairs**.

The Working Group is chaired by the Minister for Transport and Regional Development and, in addition to the Minister for Regional Development, Territories and Local Government, also includes those Ministers whose portfolios have a significant impact on regional Australia: Trade; Primary Industries and Energy; Employment, Education, Training and Youth Affairs; the Environment; Industry, Science and Tourism; Workplace Relations and Small Business; and Communications, the Information Economy and the Arts.

This statement draws together and articulates the Government's achievements and initiatives for regional Australia through its comprehensive **Regional Australia Strategy**.

Full details of all new outlays and revenue measures announced in the 1998-99 Budget can be obtained from *Budget Paper No.2 — Budget Measures 1998-99*. Further details of specific initiatives outlined in this Statement can be obtained from the Department responsible.

EMPLOYMENT AND BUSINESS

GENERAL ECONOMIC POSITION

Sustained growth

The Government has created an economic climate which is conducive to achieving strong, sustained economic growth that will result in a lasting reduction in unemployment. The strength of the domestic economy is enabling Australia to weather the crisis being experienced by a number of East Asian economies. Of particular importance are low inflation, the commitment to return the budget to underlying surplus, a healthy financial sector and ongoing micro-economic and regulatory reform.

All sections of the economy, including rural and regional industries, will benefit from the favourable economic outlook

BETTER EMPLOYMENT SERVICES

Job Network

Regional job network

Job Network is a new, national network of more than 300 private, community and government organisations dedicated to getting unemployed people — particularly long-term unemployed people — into jobs. It will make sure employers find the right people for their vacancies.

More sites

At least 306 organisations have formed the new Job Network. They cover every region in Australia with about 1400 sites providing employment services. **This is more than four times the number of sites under the CES system.**

Jobs for unemployed people

Job Network focuses on results. Job Network members will be paid when they place a job seeker in a job for a sustained period of time. These incentives will help ensure that unemployed people get jobs and are no longer churned through programmes that, sadly, in the past, have often led back to the unemployment queue.

All job seekers will have access to improved and expanded employment services, including the touchscreen national job vacancy database, and free computers, facsimiles and telephones (at Centrelink offices) to prepare applications and apply for jobs.

Area Consultative Committees

Regional employment

Area Consultative Committees (ACCs) advise the Government on employment issues and on ways to improve job and training opportunities in their regions.

The regional network of ACCs will have a significantly upgraded role from 1 May 1998, to ensure the Government continues to receive good 'on the ground' information about what is happening and what is needed in regional Australia. ACC activities are being refocused to encourage broad strategies for employment growth and skills development and to capitalise on the full range of programme initiatives that are available for the benefit of regions and to support Government employment and training policies.

Regional Assistance Programme

\$33 million for regional labour market assistance

The **Regional Assistance Programme** provides labour market assistance through packages directed principally to regions where employment is affected by structural adjustment or downturns in economic and business cycles. It encourages business and communities to take action in partnership with government planning agencies to build business growth and so create sustainable employment.

Regional projects

Regional projects are developed in the context of the relevant ACC's strategic regional employment plans. Under the strategy, funding is available for activities such as:

- regional skills surveys and industry profiles to assist in improving the skills base to better meet emerging skills needs;
- expansion of job and training opportunities for local people;
- assisting workers facing retrenchment where such retrenchments could have a substantial impact on the regional labour market; and
- grants to facilitate the development of economic activity and/or small business or local enterprise ventures.

In 1998-99, \$33 million will be provided under this programme.

Work for the Dole

Work for the Dole

The **Work for the Dole** initiative, announced in March 1997, provides an opportunity for unemployed people to improve their self-esteem, communication skills, motivation and dependability by participating in quality projects that will be of lasting value to the community.

Pilot projects, which commenced in November 1997, are focused on regions with the highest levels of youth unemployment, with an emphasis on non-metropolitan regions. This emphasis arose from concern for rural youth who generally have more limited work experience opportunities than their metropolitan counterparts.

*148 projects
nationwide*

To date, 148 projects have been approved, with 66 per cent located in regional Australia and up to 10,000 participants expected to be involved in 1997-98. The Government will provide \$219 million over the next four years for an expanded Work for the Dole programme and related initiatives. In 1998-99, \$50.9 million will be provided for approximately 25,000 places for young people in Work for the Dole.

Income Support Payments for Young People

*Simplified payment
arrangements*

From July 1998, the Youth Allowance will replace a range of income support payments for young people. Families in rural Australia will benefit from increased assistance under the Youth Allowance.

Rent assistance

Rent assistance is available for the first time to students who have to live away from home. This means that some country parents who could not afford to support their children to study away from home will now be able to do so. Assistance of up to \$74.80 a fortnight will be provided.

CreditCare

*Financial services
into regions*

The Government has committed \$2.7 million over three years to 1999-2000 for the **CreditCare** programme. The programme helps rural and remote communities threatened with the loss of access to financial services, by working with them to attract alternative financial services.

Since the CreditCare project commenced in July 1995, 39 towns in rural or remote communities have received access to financial services as a direct result of the CreditCare initiative.

Workplace Relations

*Labour market
flexibility*

Major reforms to the workplace relations system are promoting business development and investment in regional Australia. The *Workplace Relations Act 1996* provides for a more direct relationship between employers and employees and greater labour market flexibility.

A range of options for more simple and effective agreement-making are available. These include: collective agreements (Certified Agreements), which may be made with unions or directly with employees; individual employment agreements (Australian Workplace Agreements) made directly between an employer and employee; or informal arrangements.

Award simplification

Firms, including those in regional areas, will also benefit from the process of award simplification. The award system has been refocused to provide a safety net of minimum wages and conditions rather than, as previously, a detailed prescription of employment conditions and working arrangements. Awards are now limited to 20 allowable matters and from 30 June 1998 all award matters which are non-allowable will become unenforceable.

BUSINESS SUPPORT

Tasmanian Freight Equalisation Scheme

*Assistance to
Tasmania*

The **Tasmanian Freight Equalisation Scheme** provides shippers with almost \$42 million per year in financial assistance to offset the transport cost disadvantage associated with moving non-bulk goods across Bass Strait. The scheme benefits Tasmanian manufacturing industry by reducing the cost of importing raw material inputs and machinery from the mainland and the cost of exporting manufactured or processed goods to the mainland.

Bass Strait Passenger Vehicle Equalisation Scheme

The **Bass Strait Passenger Vehicle Equalisation Scheme** provides a rebate of up to \$300 per return trip for a driver plus passenger vehicle to travel by sea across Bass Strait. Since the Scheme's introduction in September 1996, there has been a significant increase in travel across Bass Strait. During 1995-96, TT Line's *Spirit of Tasmania* carried some 63,000 passenger vehicles across Bass Strait and the latest estimates for 1997-98 indicate that TT Line will carry some 113,000 passenger vehicles. The 1998-99 Budget provides \$11.2 million for the continuation of the Scheme.

Small Business

*New jobs through
small business*

Small business is vital to the economic well-being of regional Australia and is a major source of new jobs.

In response to the House of Representatives Standing Committee on Industry, Science and Technology Inquiry into Fair Trading, the Government has provided more effective legal protection for small business, including retailers and franchisees, and at the same time brought certainty and predictability to the market. The Government's changes are designed to induce behavioural change in dealings between small and large businesses so that competitive forces may operate on a more equitable basis.

Tax relief delivered

The Government has delivered significant tax relief for small business, with the savings providing up to \$600 million in freed-up capital for investment in business expansion and job creation. The Government has:

- already reduced the Provisional Tax uplift factor from eight to six per cent, with a further reduction to five per cent announced in the 1998-99 Budget;

- provided Capital Gains Tax (CGT) rollover relief to allow small businesses to upgrade their assets or sell shares in the company operating the business without being penalised by CGT;
- established a CGT assets register, which will eliminate the need to keep CGT source documents beyond five years; and
- reduced Fringe Benefits Tax (FBT) record-keeping requirements, exempted small businesses from certain aspects of FBT on car parking and taxi travel, and extended the time available to lodge FBT returns and pay liabilities.

Local Government

This Budget includes an estimated payment for 1998-99 local government financial assistance grants of \$1.229 billion. This is an increase of approximately 2 per cent or \$23.5 million, over 1997-98.

\$800 million to regional councils

It is expected that 1998-99 funding to local government councils in rural and regional Australia will be in the order of \$800 million, or approximately two-thirds of available funds.

The Government recognises the key role that local government plays in fostering regional economic development. The Government will continue to work with local government organisations and individual councils to reduce business costs and sponsor regional economic development initiatives.

TRADE INITIATIVES

New Export Markets

New markets opened

The capacity of Australian trade to create new jobs and wealth for all Australians relies on opening up new export markets and getting improved access to existing markets. Through its trade policy, the Government has secured new or improved access for Australian exporters to key markets such as China, India, Indonesia, Japan, Malaysia, Republic of Korea, Taiwan, Thailand and the United States. Emerging markets such as Chile, Mercosur, South Africa, the Persian Gulf and Vietnam have also become more accessible through the Government's bilateral trade initiatives. Some examples of recent trade promotion successes include:

- Australian financial and legal service providers have secured licences to operate in China, and another financial services provider secured a licence to operate in Malaysia;

- a marketing programme on behalf of the Australian Wine and Brandy Corporation contributed to exports to the US of over \$130 million in 1997;
- the Australia-Indonesia Development Area was established, providing new opportunities for Australian trade and investment in Eastern Indonesia, particularly in education and training;
- improved market access in China for wool, apples, wine, chemicals and pharmaceuticals, motor vehicle parts and optical fibres;
- an agreement to allow Australian rice exporters limited access to the Japanese market on a counter-seasonal basis under the rice tendering system; and
- improved access to Taiwan markets for stonefruit and citrus fruits, and a reduction in the tariff on Australian beef.

TradeStart

New services for exporters

The new **TradeStart** programme will improve access to Austrade's services for new exporters in regional and rural Australia. Funding of \$2 million over four years has been provided. TradeStart offices have already been established in seven regional areas: Bathurst, Coffs Harbour, Geraldton, Nowra, Rockhampton, Tamworth and Wagga Wagga. TradeStart offices:

- work with local companies which have potential but are yet to start exporting;
- provide access to Austrade's information and counselling for new exporters; and
- act as a focal point to integrate delivery of export services.

Export Access Programme

New export support

The Government has provided an additional \$300 million to fund the **Export Market Development Grants Scheme** for a further two years, extending the programme until 2001-02. It has also extended funding for the **Export Access Programme** until 2001-02 (more than \$11 million over four years). The programme has a strengthened regional focus and increased emphasis on sectors with particular export potential, such as the information industries. It provides export market assistance for small to medium sized enterprises (SMEs), and is currently delivered by major industry associations on behalf of Austrade. The Export Access Programme targets 500 SMEs per year, assisting them to export on a sustainable basis.

Electronic Clearance for Exports

Streamlined export procedures

The Australian Quarantine Inspection Service and Australian Customs Service are developing a single electronic window to simplify and streamline export clearance procedures. All necessary shipment details will be obtained and export clearances provided to exporters at one point of contact in a secure electronic environment.

An industry-government reference panel is guiding implementation of the single electronic window, which is expected to be in place by July 1998 for the meat and dairy sectors. Grains, seafood and horticulture are expected to come on-line progressively during the second half of 1998.

Supermarket to Asia

The Government is providing \$14.5 million over three years to support the **Supermarket to Asia Strategy**.

Agri-food exports

The Prime Minister's Supermarket to Asia Council, established in September 1996, has set the goal of growing Australian agri-food exports to Asia from \$10 billion in 1996-97 to \$16 billion by 2001 and encouraging at least another 2000 agri-food businesses to become active exporters of food into Asia.

10,000 jobs

This is expected to create more than 10,000 additional jobs in the Australian economy, with significant investment and employment benefits for rural and regional Australia.

Action Plan

The Supermarket to Asia Council's Action Plan, released on 8 October 1997, sets out specific initiatives with timetables for industry and government implementation.

Key work programmes identified in the Action Plan for 1998-99 include:

Implementing the Action Plan

- **Regional Export Forums:** Communicating effectively with agri-food businesses in regional Australia is an important element of the Supermarket to Asia Strategy. More than 30 Supermarket to Asia regional export forums have been conducted in 1997-98, bringing together key regional players and government leaders to find ways to remove impediments to export growth and to stimulate investment and job creation in the agri-food industry; and
- **Supply Chain Management:** The elements which make up effective supply chains to Japan are being assessed through the experience of Australian, Dutch and United States companies. Initial results are demonstrating that success in export markets requires strong relationships through the chain, both vertically and horizontally, and an understanding of customer needs throughout the supply chain.

*Transport and
Logistics*

The **Transport and Logistics Working Group**, set up by the Supermarket to Asia Council, is chaired by the Minister for Transport and Regional Development, the Hon Mark Vaile MP.

The working group aims to improve the transport and handling chain for exporting agri-foods to Asia. It is focusing on through-chain reforms for an efficient and cost-effective export chain, including through a case study tracking fresh fruit to Indonesia by seafreight and the harmonisation of pallet sizes.

*Export Gateways
Initiative*

The Working Group has introduced the \$2.7 million **Export Gateways Initiative**, to improve the transport and logistics chain for Australia's rural exporters.

AGRICULTURE – ADVANCING AUSTRALIA PACKAGE

Better farm business

The **Agriculture — Advancing Australia (AAA)** package is a \$525 million initiative to provide farmers and rural businesses with the necessary skills, risk management tools and business information to promote a better business and marketing focus. It recognises the interdependence of rural industries and communities, and focuses on the need to encourage social and economic development in rural areas. It also recognises the need for an adequate welfare safety net underpinning the farm sector.

Exceptional Circumstances – Assistance to Farmers

Supporting farmers

The Government remains committed to supporting long term viable farm businesses facing exceptional circumstances, such as severe drought. To assist farmers to cope with and recover from exceptional circumstances, the Government offers farm businesses support through interest rate subsidies, and provides income support to farm families in the form of the **Exceptional Circumstances Relief Payment (ECRP)**. Special access to a Health Care Card, Family Payments and AUSTUDY is also provided.

The Government has doubled the recovery period that applies when a drought declaration is revoked from 6 months to twelve months.

*\$300 million
assistance*

Since 1996, more than \$300 million has been provided through the Commonwealth's exceptional circumstances provisions. There have been periods when more than 10,000 farm families in exceptional circumstances declared areas have been receiving ECRP, and during the past two years there have been more than 4200 applications approved for interest rate subsidies.

Retirement Assistance for Farmers

The **Retirement Assistance for Farmers Scheme** is part of the AAA package. It is targeted at those families whose farms, although capable of supporting one generation, have become marginal through being required to provide a living for two or more families.

Transferring farm ownership

This scheme will assist farmers living in hardship to retire from farming by providing a three year ‘window of opportunity’ for low income, pension-age farmers and their partners to gift their farm to the younger generation without affecting their access to the age pension.

The Farm Family Restart Scheme

Safety net for farmers

The **Farm Family Restart Scheme** (FFRS) provides a welfare safety net for low income farmers who are experiencing financial hardship as well as adjustment assistance to farmers who wish to leave the industry. FFRS allows some farmers to leave the industry and re-establish, while other farmers will be able to receive up to 12 months income support. Currently there are over 800 farmers receiving income support nationwide.

Rural Communities Programme

\$38 million is available under the **Rural Communities Programme** (RCP) for rural financial counselling services, strategic planning, improving access to telecommunications infrastructure and the provision of information on Government services and programmes.

The **Rural Strategic Planning Initiative** (RSPI) will encourage rural-based industries to work together to develop strategically-focussed business planning approaches to future development at the local level. The RSPI acknowledges the impact of ongoing economic, climatic, environmental and social change on rural businesses and industries.

Rural Women’s Initiatives

Many farm businesses, community services and town-based enterprises depend upon the hard work and dedication of women in rural and regional Australia.

Supporting rural women

The Government is playing a leadership role in recognising, promoting and supporting the key role women play in rural industries and rural communities, by sponsoring farmers, commissioning research and funding a rural women’s unit in the Department of Primary Industries and Energy.

REGIONAL FOREST AGREEMENTS

Sustainable forest management

The Commonwealth is currently developing **Regional Forest Agreements** (RFAs) with the States to provide a balanced framework for the sustainable management and conservation of native forests. RFAs will provide for the long-term protection of environmental and heritage values in native forests through a comprehensive and representative forest reserve system established in accordance with nationally-agreed criteria. Secure access to sustainably managed forest resources will promote investment in high value-adding and internationally competitive forest-based industries and thus provide a secure employment base for many regional areas.

To date, RFAs have been concluded for Tasmania, and the East Gippsland and Central Highlands regions of Victoria. Nine other RFAs are being negotiated and will be concluded before the year 2000.

Wood and paper industries

The Government's **Wood and Paper Industry Strategy** and **Forest Industry Structural Adjustment Package** support positive industry development outcomes under the RFA process.

In 1998-99, \$6 million will be provided under the Wood and Paper Industry Strategy to encourage plantation and farm forestry, accelerate research into value-added products and assist with the development and implementation of criteria and indicators for ecologically sustainable forest management.

Forest Industry Structural Adjustment Programme

The Government has also committed some \$100 million nationally for a **Forest Industry Structural Adjustment Programme** to facilitate the long-term restructuring of the native forest industry and to provide safety net assistance to those businesses and workers which may be adversely affected by the implementation of RFAs.

Plantations and Farm Forestry

Plantation Industry

The Commonwealth, State and Territory governments and industry have agreed to the **Plantations 2020 Vision** — a framework of actions to achieve an internationally competitive plantation growing and processing industry which is commercially focused, market driven and market oriented. The target of the Plantations 2020 Vision is to treble the effective area of Australia's plantation estate, from 1 million to 3 million hectares by 2020.

Under the Prime Minister's Greenhouse package of November 1997, the Commonwealth has committed \$1.9 million over four years to the Plantations 2020 Vision initiative. In addition, under the Natural Heritage Trust, \$37.9 million will be provided to expand and enhance the **Farm Forestry Programme** from 1998-99 to the year 2000-01.

40,000 jobs

Farm forestry and plantation expansion have the potential to add an important dimension to rural and regional economies, creating up to 40,000 jobs in rural areas.

Removal of Export Controls

Licences to control the export of unprocessed wood and woodchips from native forests will become redundant as the Commonwealth's environmental objectives are better achieved through RFAs. Export controls have been removed in East Gippsland and the Central Highlands in Victoria and in Tasmania as RFAs for these regions were finalised.

In relation to plantation sourced material, the Commonwealth Scientific and Industrial Research Organisation has been conducting independent assessments of each State's codes of practice to ensure that environmental values are protected through all phases of plantation management. To date, export controls have been lifted from plantation wood for Tasmania, Victoria, South Australia, Western Australia and New South Wales.

INFRASTRUCTURE INVESTMENT

\$2 billion boost to investment in infrastructure

The Federal Government's new **Infrastructure Borrowings Tax Offset Scheme** will pave the way for over \$2 billion of private sector investment in public infrastructure projects throughout Australia.

Projects will be assessed against objective criteria, including their commercial viability, the benefit to the borrower of the tax offset, the cost to the revenue of the offset, consistency with Government policy and the economic and social benefits likely to flow from each project. The new scheme is expected to generate new road and rail infrastructure projects – as well as encouraging energy, water and ports development from projects that had applied under the previous infrastructure bond scheme. With many of these projects likely to be in regional areas, the Infrastructure Borrowings Tax Offset Scheme will be of particular importance to regional Australia.

RAIL TRANSPORT

Reform of rail transport – lower freight costs

Lower transport costs are vital to lifting investment and increasing job opportunities in regional Australia. The productivity of government-owned railways in Australia remains well behind world's best practice. In recognition of the need for reform, the Government in 1997 sold the businesses formerly operated by the Australian National Railway Commission. It will sell its equity in National Rail once agreement is reached with the other shareholders.

Lower freight costs will provide benefits for miners, farmers, business, and the wider community.

\$250 million upgrade In a major boost to rural industries heavily reliant on rail transport, the Government has allocated \$250 million over four years to upgrade Australia's inefficient mainline rail tracks, starting in 1998-99. This will enable rail to compete more aggressively with road transport in the vital inter-capital sector, providing significant benefits to regional industry.

INVESTMENT IN TRANSPORT INFRASTRUCTURE

National Highway

National Highway The 18,500 kilometre **National Highway** is the transport spine that addresses the commercial, travel and social needs of rural and regional Australia. Total funding for the National Highway in 1998-99 will be \$676 million with more than 90 percent of funding being spent in regional areas.

Commonwealth roads expenditure is expected to create or sustain around 16,000 jobs in 1998-99. These jobs will be largely located in regional Australia.

New projects The Government has announced four major new **National Highway** projects with a total value of \$330 million:

- upgrading the Goulburn Valley Highway from Seymour to Nagambie in Victoria (\$53 million);
- duplicating the Federal Highway between Sutton (NSW) and Watson (ACT) by 2000 to complete the duplication of the National Highway between Sydney and Canberra (\$75 million);
- relocating and upgrading the Hume Highway route through Albury, including a second crossing of the Murray River between New South Wales and Victoria (\$197 million); and
- improving the flood immunity of the Stuart and Victoria Highways at Katherine in the Northern Territory (\$5 million).

Roads of National Importance

Roads in regional Australia Total **Roads of National Importance** funding in 1998-99 will be \$112 million, with more than 90 per cent provided to regional Australia. Major projects in 1998-99 include:

- Pacific Highway (NSW and Qld) — \$76.65 million;
- Kidman Way (NSW) — \$4.7 million;
- Summerland Way (NSW) — \$2 million;

- Calder Highway (Vic) — \$17.6 million;
- Mitchell Freeway (WA) — \$6.25 million;
- Mt Keith to Wiluna road (WA) — \$3.75 million; and
- Devonport port access road (Tas) — \$700,000.

Local Roads

In addition to these funds, the Commonwealth will provide identified **untied road grants to local government** of \$378 million and a further \$399 million directly to State governments for spending on roads.

Road Safety Black Spot Funding

Road safety in regional Australia

The **Federal Road Safety Black Spot Programme**, introduced in the 1996-97 Budget, to date has funded 808 projects across Australia with an estimated value of \$73 million. Similar funding will be delivered over the next two years of the programme. Over two-thirds of funds allocated have been for safety-oriented projects in regional areas of Australia. This reflects an objective of the programme to recognise the high level of road trauma in rural areas by ensuring that approximately 50 per cent of funds are directed to such areas.

FEDERATION FUND

Boost to national infrastructure

The Government announced the establishment of the \$1 billion **Federation Fund** in the 1997-98 Budget. The Fund is designed to finance a number of major projects of national significance that will generate jobs in the construction phase, and make a significant and ongoing contribution to Australia and the Australian economy.

It is intended that there will be a reasonable geographic spread of projects around Australia. The Government has already announced a number of successful projects, including several that will specifically benefit regional Australia:

- new facilities for the National Museum of Australia, including the Australian Institute for Aboriginal and Torres Strait Islander Studies (ACT) — \$147 million;
- Darwin to Alice Springs Railway (NT) — \$100 million;
- Jervoise Bay Infrastructure Enhancement (WA) — \$80 million; and
- Corowa Bridge (NSW-Vic) — \$12 million.

*Heritage and
community projects*

In addition, the Government will also be providing \$70.4 million in assistance from the Federation Fund towards medium-sized cultural and heritage projects (with individual grants of up to a maximum of \$5 million) and \$29.6 million from the Fund for small community projects in each House of Representatives electorate (\$200,000 per electorate) through the **Federation Community Projects Programme**. These projects will also be spread around the country and bring direct benefits to regional Australia.

DEFENCE INITIATIVES

*\$470 million capital
investment*

Government expenditure through the Department of Defence has a significant impact on regional Australia. By way of example, in 1998-99, Defence will provide \$470 million of capital facilities investment in regional centres such as Darwin, Nowra, Katherine, Cairns, Townsville, Albury/Wodonga and Newcastle. A further \$150 million will be spent for ongoing operating costs and repair and maintenance for existing facilities in regional Australia. \$650 million of materiel procurement will also be sourced from regional Australian locations.

INDUSTRY POLICY

*Improving
competitiveness*

The Government has put in place a number of initiatives to strengthen the capacity and competitiveness of Australian industries, many of which provide direct benefit to regional Australia.

On-line commerce

The **Business Online and Technology Initiative** aims to accelerate the introduction of best practice and online commerce and business systems and technologies. The needs of businesses outside capital cities will be met through travelling workshops across rural Australia.

Investment Attraction

The Government is working hard to secure productive investment for Australia.

*Strategic Investment
Coordinator*

On 8 December 1997, the Prime Minister announced the appointment of Mr Bob Mansfield as **Strategic Investment Coordinator**. Mr Mansfield's appointment reinforces the Government's determination to win more productive investment for Australia. He will advise the Government on the possible use of incentives for strategic investment projects, and on modifications to existing policies that may be warranted to attract investment. He is also facilitating the implementation of several nationally-significant investment projects which will deliver benefits to regional Australia.

Investment in regions The Government has established **Invest Australia** as Australia's new national investment agency to inject greater energy and vigour into Australia's investment efforts and enhance its overseas profile. Regional areas are significant beneficiaries of new investments and Invest Australia will work closely with regional development agencies and local governments throughout Australia to further stimulate investment opportunities.

Major Projects Facilitation There are currently 26 projects with **Major Projects Facilitation** status, all of which impact on regional Australia. These projects represent investments totalling \$47.6 billion and have the potential to create over 11,000 new direct jobs in regional Australia.

In addition to these, Invest Australia provides grants under its **Feasibility Study Fund** to investors wishing to undertake a feasibility study into a potential new investment opportunity. A number of studies are already underway in regional areas.

Manufacturing Industry

Excise and sales tax relief The Government has introduced two complementary schemes to increase Australia's attractiveness as a site for manufacturing and warehousing. The existing Duty Drawback and Tariff Export Concession schemes will be integrated into a single, simplified scheme. The new **TRADEX** scheme will provide relief from customs and excise duty and sales tax on imported goods intended for re-export or used as inputs to exports.

Manufacturing in Bond complements TRADEX and will allow firms to use Australia as a base for hub operations servicing the Asia-Pacific region without incurring duty liability on goods intended for re-export or used as inputs to exports.

Automotive Industries

Regional employment The automotive and component industries provide substantial employment in regional centres such as Geelong, Albury-Wodonga, Wollongong, Newcastle, Launceston, Gosford and Ballarat. The industry currently benefits from a range of automotive industry specific arrangements, including:

- an automotive tariff for imported passenger motor vehicles and major original equipment components which is currently 20 per cent. The tariff rate is scheduled to reduce by 2.5 percentage points on 1 January each year until 2000 when Passenger Motor Vehicle tariffs will be frozen at 15 per cent until 31 December 2004;
- the **Export Facilitation Scheme**, which encourages competitive automotive manufacturers to adjust towards self-sustaining, globally competitive activities; and

- a **Duty Free Allowance Scheme**, which encourages motor vehicle assemblers to concentrate their production on competitive products and to import vehicles and components which are not able to be produced economically in Australia.

\$20.3 million will be provided to fund a new **Automotive Market Access and Development Strategy** in the period 1998-99 to 2001-02. A new **Automotive Competitiveness and Investment Scheme** will also operate from 2001 to 2005.

Textile, Clothing and Footwear Industries

The textile, clothing and footwear (TCF) industries provide substantial employment in regional areas, including: Barwon, Ovens-Murray, Ballarat and Victoria's Central North region; Hunter, New England and Murray regions in NSW; and Launceston and Devonport in Tasmania.

Support for employment

In September 1997, the Government announced that tariffs in the TCF industries will be frozen for the period 1 July 2000 to 1 January 2005. This will give the industry time to adjust to changes already in train and provide a period of certainty for future investment decisions.

The Government also announced a number of initiatives to assist the industry in its adjustment phase: a **TCF Investment Programme**; **Market Development Programme**; **Innovative Technology Programme**; a **TCF Centre of Excellence**; and **Action Agendas** for wool, cotton, leather and fashion.

Science Across Australia

Regions to benefit from research

The Government provides financial support to Cooperative Research Centres (CRCs), that undertake research and development providing commercial, economic and environmental benefits across a wide range of industry sectors. Over 25 CRCs are working in sectors of particular relevance to regional Australia, including viticulture, wool, sugar, plant breeding and in the mining and energy sectors. Each CRC receives up to \$20 million from the Government, with other participants (including the CSIRO, universities and industry) contributing twice that amount in cash or in kind.

The Government is also providing in excess of \$11 million over the next four years to the Australian Institute of Marine Science in Townsville. This will ensure that it continues to deliver world-class marine science research.

Tourism

The **Australian Tourist Commission (ATC)** will receive an additional \$50.4 million over the four years to 2001-2002 to boost the promotion of Australia overseas.

A natural consequence of a boost to ATC funding will be an increase in international visitors to regional Australia. Many of Australia's prominent tourist attractions are found in regional areas and many niche markets such as ecotourism, rural tourism, indigenous tourism, backpacking and adventure tourism have their focus in regional Australia.

*Regional Tourism
Programme*

An additional budget allocation of \$8.3 million over four years is to be provided for a **Regional Tourism Programme** directed towards enhancing the tourism potential of regional and rural Australia through the promotion of regional areas, particularly in international markets.

Through the **National Action Plan for Tourism**, the Government will work with State and Territory governments and regional bodies to help realise the outstanding potential of the tourism industry in regional Australia. Details of the Plan will be released by the Minister for Sport and Tourism in June 1998.

SERVICE DELIVERY

HEALTH SERVICES

Rural Multi-Purpose Health and Family Services Network

The 1998-99 Budget includes in excess of \$24 million over four years to extend the coverage of the existing successful **Multi-Purpose Services model**, to improve the health and well-being of families in rural Australia.

Family health and well-being

This initiative will provide access to flexible services matched to community needs, and a more comprehensive range of services delivered through more sites and increased use of information technology. The expanded services will be tailored to the mix of health and family services best suited to each community. Priority will be given to establishing services in areas of greatest need and to developing a tailored quality assurance and performance assessment system.

Key features of this initiative include:

- at least 30 new rural Multi-Purpose Services;
- employment of community planning managers to ensure services are responsive to community needs;
- 836 aged care places;
- information technology infrastructure to enhance services and skills available through Multi-Purpose Services;
- a quality assurance and performance assessment system;
- incentive and innovation grants to upgrade existing Multi-Purpose Centres and Services and to encourage continuing innovation; and
- monitoring of demand to assess whether further new Multi-Purpose Services are needed beyond 2001-02.

Rural Health Services

More GPs in rural areas

The Government expects to provide an additional \$13 million, for the period 1998-99 to 2001-02, to increase the number of general practitioners in rural and remote areas of Australia.

Rural health care

In collaboration with the States and Territories, the Government is developing a new plan of action for rural health for the period 1998-2002, with a strong focus on delivering more effective primary health care strategies in rural and remote Australia.

As part of its rural workforce strategy, the Government announced in May 1997 the establishment of university Departments of Rural Health at Geraldton, Shepparton, Whyalla, Alice Springs and Launceston. They follow the establishment in 1996 of similar university Departments in Broken Hill and Mount Isa.

Under the **Rural Health Support, Education and Training Programme**, 24 projects have been approved with a value of \$1.9 million, for the period 1997-98 to 1998-99, to improve recruitment and retention rates of health care professionals and access to health services in rural and remote areas.

Health Insurance

Easier health insurance claims

The **Medicare easyclaim** system was introduced in rural and remote areas of Australia as part of the Government's commitment to making Medicare services more accessible to all Australians. Medicare easyclaim enables people to lodge their Medicare claims for rebates at local pharmacies convenient to them in areas which do not have a Medicare office within a reasonable distance. Since the commencement of this programme, Medicare easyclaim fax devices have been installed in 166 pharmacies in rural and remote areas, and another 234 will be installed in other rural and regional areas before the end of June 1998.

More Flexible Services for People with Disabilities

Assistance for people with disabilities

The **More Intensive and Flexible Services Pilot** commenced operations in July 1996. It is targeted towards people in receipt of the Disability Support Pension who are not currently given access to vocational programmes because the level or type of support they require is unavailable under existing schemes.

The pilot provides customised, intensive and flexible services to:

- improve the quality of life of the individual and therefore their participation in, and contribution to, the life and work of the community;
- help people successfully complete a programme of vocational assistance; and
- maximise participants' employment skills and therefore their ability to get and keep a job.

Pilot in regional Australia

The pilot is operating in eastern Victoria and South East Queensland. The Victorian pilot covers Shepparton, Wangaratta, Echuca, and the east and north-eastern suburbs of Melbourne. The site in Queensland covers the greater Brisbane area and up to Bundaberg.

The pilot will continue to operate in the existing sites until 1 January 2000.

AGED CARE IN OUR REGIONS

Staying at Home — Care and Support for Older Australians

The Government believes that the aged care sector needs to be strong and viable. This includes ensuring that staying at home and receiving community care is a real option for those older Australians who choose to do so.

Community support

With this in mind, in April 1998 the Government announced a new \$280 million **Community Aged Care Package** (CACP), including initiatives to strengthen community support and recognition for older Australians. These initiatives will meet the expressed wish of many older people to continue living at home, with an appropriate level of support, and are especially important for older people living in rural and remote areas.

The package will be expanded at a cost of \$95.5 million over four years, to more than double the number of places available by 2002-03. This will make services available to many more older people and support them if they wish to remain at home. The CACP planning target of 10 places per 1000 people aged 70-plus will be accelerated to June 2001. As well, funding will be better targeted to allow CACPs to cater for people with more complex care needs, including some nursing care. Flexibility for more at-home services will also be realised by some hostels being given the option to convert places to CACPs.

Assistance for Carers

Recognising the important contribution made by carers to the community, the 1998-99 Budget builds on the Government's initiatives to provide greater assistance to carers of people with disabilities and the frail aged.

New Carer Allowance

In April 1998, the Prime Minister announced the introduction of the **Carer Allowance**, a new non-taxable non-means tested income supplement for people who are caring at home for a child with a disability, or for an adult who has a disability or is frail, aged or chronically ill.

From July 1999 all Carer Allowance claimants will be able to register by telephone their intention to claim Carer Allowance with Centrelink. This will be of particular benefit for parents and carers who find it difficult to leave the care recipient at home, who live in rural and remote areas, and where the care recipient is hospitalised.

As part of the Government's ongoing commitment to enhance the targeting and effectiveness of payments, two significant reforms will be made to the Domiciliary Nursing Care Benefit from July 1998 — the rate will be increased to that of the Child Disability Allowance; and the number of respite days allowed under the Benefit will also be increased. — as part of the transitional arrangements to the new Carer Allowance.

Capital grants

Upgrading buildings

As part of the **Structural Reform of Residential Aged Care** package announced in the 1996-97 Budget, the Government will provide up to \$10 million per year from 1998-99 onwards in capital grants focusing on facilities in rural and remote areas, and those with high proportions of concessional or assisted residents, to assist them to upgrade buildings.

Viability Supplement

Also through this package a new **Viability Supplement** has been implemented from 1 October 1997 to help small residential care services in remote and isolated regions.

It builds on and improves the extra assistance payments that were previously available to nursing homes only. The new supplement is better targeted and will help more services, including many small hostels which were not eligible for extra assistance under the previous funding system.

FAMILY AND CHILDREN'S SERVICES

Family and Community Sector Network

Better access to information and services

Access to information and services for families and communities will be enhanced through a new initiative which will support and strengthen the role of the family within the community.

The **Improving services for families through enhancement of family and community service networks** initiative will provide an excellent opportunity to link family services of all types for the first time. The initiative provides funding in excess of \$8 million over four years for innovative projects to draw together information on Commonwealth, State, Territory, local government and community services for families. Projects will consolidate information on services and benefits available to families, particularly those in regional areas, in a user-friendly manner.

Child Abuse Prevention and Parent Support

Preventing child abuse

The Government will provide approximately \$12 million over four years to enhance measures to assist in the prevention of child abuse and the support of parents. This is an increase of over \$4 million for this period. The Government will also ensure that the outcomes of activities undertaken under the **Best Practice Parenting Grants Programme**, commenced in 1996-97, will be disseminated.

Business and Community Sector Partnerships

Partnerships

A further initiative is to provide \$13 million over four years from 1998-99 to facilitate partnerships between business and the community sector. There are major benefits in a healthy community sector. The business sector has acknowledged that it has a partnership role to play in strengthening the capacity of the community sector to contribute to major community issues, such as reducing unemployment and strengthening families. Specific initiatives are likely to be funded in the areas of information gathering and dissemination, education and facilitation and recognition of best practice business and community partnerships.

ABORIGINAL HEALTH

Aged Care Strategy for Aboriginal and Torres Strait Islander People

Aboriginal and Torres Strait Islander health care

The **Aged Care Strategy for Aboriginal and Torres Strait Islander People** provides for flexible and efficient delivery of aged care services to indigenous communities in rural and remote areas. This programme received approximately \$7 million in 1997-98 and a further \$7.9 million will be spent in 1998-99 for:

- a review of existing services, to establish a mix of services which better meet the needs of communities; and
- the establishment of pilot services in rural and remote areas that cannot sustain separate types of aged care services.

To date, ten new pilot projects in rural and remote areas have been established.

Service Delivery

Indigenous health services

The Government has introduced a range of strategies in the Budget to improve access to comprehensive primary health care services for remote indigenous communities in regional Australia. These include:

- approximately \$8 million over four years to upgrade health infrastructure and staff housing in remote indigenous communities;
- funding in excess of \$22 million over four years to increase immunisation for pneumococcal and influenza diseases in Aboriginal and Torres Strait Islander communities by distributing vaccine free of charge to primary health care services in regional Australia, and for the early detection of sexually transmitted diseases; and

- increasing the core funding of existing Aboriginal and Torres Strait Islander primary health care services by more than \$42 million over four years to better utilise best practice in tackling local health issues.

These changes build on initiatives announced by the Government in previous Budgets and in response to the *Bringing Them Home* report.

CENTRELINK

Centrelink Services to Regional Australia

Since it was established in September 1997, Centrelink has expanded the level of Government services to regional Australia. Centrelink is a one-stop shop offering a wide range of Government services.

Information services

Centrelink also disseminates information about services, programmes, payments and allowances more widely in regional areas:

- mobile and visiting services (in small or remote towns where no office presently exists, with the frequency of visits varying according to customer needs);
- call centres (making it possible for anyone with a telephone connection to quickly access information on their payments from any remote locality, improving access to services by reducing call waiting times and extending operating hours);
- the internet (for basic information needs); and
- Centrelink agents (non-government agencies providing services and information in rural locations).

Better quality services

The Government is committed to improving the quality of service delivery to people in regional Australia. Centrelink is consulting regional communities to better tailor its services to meet their needs.

LEGAL SERVICES

Better access to legal services

Between 1998-99 and 2001-02, an additional \$11.4 million is being provided through the **Community Legal Services Programme**, to improve access by rural communities to the legal services they need by means of a national rural telephone advice service and new legal centres in high-need areas as well as to enhance the services network.

TELECOMMUNICATIONS SERVICES

Regional Telecommunications Infrastructure Fund

Telecommunications infrastructure

Over five years, the \$250 million **Regional Telecommunications Infrastructure Fund** will respond to a range of regional and rural communications needs. The objectives of the fund are to:

- enhance telecommunications infrastructure and services in regional, rural and remote areas;
- increase access to, and promote use of, services available through telecommunications networks in regional, rural and remote areas; and
- reduce disparities in access to such services and facilities between Australians in regional, rural or remote areas and those in urban areas.

To date, 93 projects representing an investment of over \$49 million have been approved.

Telstra's Completion of its Digital Network

Integrated Services Digital Network

The **Integrated Services Digital Network** (ISDN) is an all-digital telecommunications technology that simultaneously allows digital, voice, data and video information to be transmitted using the same network facilities. It is also a faster, more flexible and more reliable form of transmission because, unlike analogue, it is not subject to interference such as static and other line problems which may corrupt data. ISDN is more cost effective, faster and more reliable than the system it replaces.

It is imperative that rural and remote areas gain better access to advanced information services. The rollout of ISDN technology is part of Telstra's Future Mode of Operation programme and should enable the majority of rural customers to gain high speed access to digital information services. By the end of 1998, 96 per cent of customers will be able to obtain an ISDN service within 90 days of requesting it.

Introduction of Digital Television

Regional access to digital television

The Government's policy for the introduction of digital television in Australia, announced on 24 March 1998, will ensure that regional Australia shares the benefits of digital television broadcasting.

Digital television will provide a substantial leap in television technology. Viewers will have the option of viewing high definition pictures of startling clarity, and with CD-quality surround sound.

Additional spectrum will be allocated, free of charge, to regional broadcasters to enable them to simulcast their analogue and digital services for eight years after the start up date in each area. The length of the simulcast period will be reviewed once consumer demand for digital television is better known.

Commercial television services

Currently, some regional areas receive fewer commercial television broadcasting services than metropolitan areas. The Government will review, by 2001, whether any legislative amendments should be made to ensure that under-served regions are provided with the same number of commercial television broadcasting services as metropolitan areas.

ABC and SBS

The Government has recognised the role of the national broadcasters in regional Australia, and will provide Budget funding to assist them to complete their digital upgrade. The ABC will receive \$20.8 million and SBS \$17.7 million over the next five years. For the ABC, this will assist in upgrading all their facilities, including those in regional areas. The Government's objective is that the ABC and the SBS should commence digital transmissions in all regional areas before 1 January 2004.

Implementation of Scheme to Provide Comparable Benefits of Untimed Local Calls

Untimed local calls

From 1 January 1998, some 17,000 telephone customers in remote parts of Australia without access to untimed local calls become entitled to a rebate of up to \$160 in 1998 against their pastoral call charges. Telstra's pastoral rate of 25 cents for 4.5 minutes applies to calls made to the customer's community service town and within the extended charging zone.

Local Call Pricing Parity Scheme

Local call prices

The Government has imposed new controls to enable lower prices for untimed local calls in rural and regional markets where competition may be slower to develop.

Under this arrangement, the weighted average untimed local call price for residential and charity customers in rural Australia in 1998 is not to exceed that for residential and charity customers in metropolitan Australia in 1997. A similar rule applies to untimed local call prices for business customers.

Analogue Mobile Phone System Phaseout

The Government is proceeding to phase out the **Analogue Mobile Phone System** (AMPS) network by 1 January 2000, as it is contractually committed to do. However, the Government is concerned to ensure that mobile phone users in regional Australia do not lose as a result.

*Mobile phone
coverage*

The Australian Communications Authority is conducting an urgent review of each regional area which currently receives an AMPS service. It will determine whether the phase-out of that service would leave the area without alternative mobile phone coverage offering a quality of service and breadth of coverage reasonably equivalent to that offered by AMPS. The review will be completed by 30 June 1998.

In those regional areas where the review finds that there would be no reasonably equivalent coverage following the AMPS phaseout, either the AMPS service will be retained by agreement with the carriers, or the Government will impose network rollout obligations on Telstra, Optus and Vodafone to provide reasonably equivalent replacement coverage through other means (such as, but not limited to, the Global System for Mobiles network).

Universal Service Obligation

The **universal service obligation** (USO) is one of the core community obligations of the telecommunications industry. It ensures that all people in Australia, wherever they live or work, will continue to have reasonable and equitable access to the standard telephone service and payphones. Telstra, as the designated national universal service provider, continues to have a legal responsibility to meet the service provision requirements under the USO.

*Privatisation of
Telstra*

The Government announced on 15 March 1998 that it intended, subject to receiving a mandate at the next Federal election, to sell its remaining two-thirds share in Telstra. The privatisation of Telstra will not change its legal responsibility to deliver telecommunication services to people living in rural and remote areas of Australia.

ARTS AND HERITAGE

Cultural Access Programmes

Australians outside capital cities remain a priority for the cultural access programmes, **Playing Australia**, **Festivals Australia** and **Visions of Australia**. In 1998-99 the Regional Touring Fund will continue to assist these programmes to subsidise the costs of the performing arts and cultural exhibitions touring to regional areas and to provide support for increased cultural activity at regional festivals.

The **National Gallery of Australia** and the **National Science and Technology Centre (Questacon)** are also funded to operate programmes of travelling exhibitions.

*Arts in regional
Australia*

Australia Council

Through its **Regional Arts Fund**, the Government has provided \$3.5 million in the 1998-99 Budget for regional arts development throughout Australia.

Regional arts development is also supported across all Australia Council programmes. Over \$9 million annually is provided in direct support to regional artists and communities through these programmes.

The Australia Council works closely with other Federal agencies, State and Territory Governments and the Australian Local Government Association in delivering cultural services to regional Australia.

THE ENVIRONMENT

The Natural Heritage Trust

Australia's long-term economic prospects depend on the sustainable use of our natural resources and conservation of our unique biological diversity. There are significant challenges in repairing past damage to our land and water resources and restoring our environment for future generations.

*\$1.25 billion
investment*

The Government has responded to these challenges by establishing the Natural Heritage Trust. Through the Trust, the Government is investing \$1.25 billion over five years to address the problems at their source. This investment represents the biggest financial commitment to protect our natural resources by any government in Australia's history. 1998-99 will be the second full year of operation of the Trust.

The Natural Heritage Trust is the most integrated and far-reaching package of conservation and natural resource management initiatives ever introduced in Australia. Programmes funded by the Trust focus on five major themes of: land, vegetation, rivers, biodiversity and coasts and marine. Priorities include restoring the health of river systems, tackling dryland salinity, cleaning up our beaches and coastline, restoring our natural vegetation cover and protecting our endangered wildlife.

3400 projects

In 1997-98, almost \$200 million has been committed to around 3400 projects of this nature, with the vast majority being in rural and regional Australia.

Funding for the **National Landcare Programme** will increase to \$92.2 million in 1998-99 from the Trust and other sources, up from \$86.7 million in 1997-98; \$17.8 million has also been provided for **Rivercare**.

*Integrated funding
programme*

An example of the integrated nature of activities funded by the Trust is the Upper South East Dryland Salinity and Flood Management Regional Project in South Australia. This project involved the Commonwealth contributing \$1.55 million in 1997-98 to drainage works and on-farm activities through the National Landcare Programme and other Trust programmes. These on-farm measures received \$68,000 from Landcare in 1997-98 and will encourage appropriate and sustainable agricultural productivity. Revegetation received \$575,000 in 1997-98 from Landcare and Bushcare and will in the longer term help balance the water excess and provide amenity value. Wetland management received \$180,000 from Landcare, Bushcare and Wetlands programmes in 1997-98 and will ensure that natural resource values are maintained in the upper south-east region.

An example of the activities supported by Rivercare is a \$115,000 project to minimise the effect of urban stormwater and flooding on Narellan Creek and the Hawkesbury-Nepean River by creating an integrated stormwater and flood management programme in the catchment.

Murray-Darling Basin

The Murray-Darling Basin contains or supports a quarter of Australia's cattle herd, half its sheep flock, half our crop land and almost three-quarters of our irrigated land. Agricultural production in the basin is worth some 40 per cent of the annual national total of \$8.5 billion.

Sustainability of the Murray-Darling Basin

The Commonwealth, through its natural resource management programmes, particularly the **Murray-Darling 2001** (MD2001) programme, supports the Murray-Darling Basin Commission's **Basin Sustainability Programme**. This includes activities to address the priorities of catchment strategies or local action plans which contribute to an integrated solution to catchment-based natural resource and agricultural productivity issues.

Consistent with the importance of irrigated agriculture in the basin, approximately 50 per cent of funds under the MD2001 arrangements in 1997-98 have been directed to activities in irrigation areas which address water-related issues and sustainable practices through community-based land and water management plans.

Proposed activities will address high priority issues which impact on the water quality and health of the basin's river systems as well as resource management concerns associated with irrigation and dryland farming systems. Through MD2001 there will be an emphasis on funding projects which will protect and restore riverine environments, riverbank land systems and wetlands.

\$38 million to Murray-Darling Basin

The Commonwealth will provide \$38.4 million for MD2001 in 1998-99, up from \$29 million in 1997-98, to accelerate action to address high priority water quality and river health issues in the Murray-Darling Basin.

Climate Change and Renewable Energy

Greenhouse gas emissions

The Prime Minister announced a \$177.9 million package of measures in November 1997 to limit growth in Australia's greenhouse gas emissions. Funding is being made available over five years from 1998-99. The initiatives include \$61.3 million to support the commercialisation of renewable energy technologies and \$27.14 million to extend the highly successful **Greenhouse Challenge Programme** of cooperative agreements with industry.

New jobs in new industries

Support for commercialisation of renewable energy technologies builds on the current **Renewable Energy Industry Programme**, which will promote technologies suited to regional and remote areas, for example solar and wave energy and generating energy from waste and other biomass. Extending the Greenhouse Challenge Programme of cooperative agreements will also benefit regional Australia by improving the competitiveness of energy-intensive industries, many of which are located in regional areas including the Bowen Basin and the La Trobe Valley.

NATIVE TITLE

Native title has had its greatest impact in regional Australia, in particular on the mining and pastoral industries. The Government's election commitment was to retain the *Native Title Act 1993* (NTA) but improve its workability. Following the December 1996 High Court *Wik* decision which overturned the widely understood assumption that pastoral leases extinguish native title, it was imperative that the NTA be amended to reflect the effects of that decision.

Overcoming operational difficulties

The Native Title Amendment Bill is intended to overcome many of the operational difficulties currently being experienced by those who have to work with the NTA and the lack of real results. By way of example, as at 21 April 1998, there had been 767 claimant applications lodged for a determination of native title and only two determinations of native title made. The amendments reflect a balance between the continued recognition and protection of native title and the economic development of the nation.

Amendments to the Act

In brief the amendments proposed in the Native Title Amendment Bill 1997:

- provide a higher registration test which must be satisfied before claimants have a right to negotiate about some future acts by governments over the claimed area;
- 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 NTA.

These proposed amendments also strengthen the responsibilities of the representative bodies by establishing a statutory framework which will improve their accountability and consistency of performance.

The Government remains committed to its policy of producing a resolution that respects native title, is fair to industry and which promotes the national interest.

Financial assistance Under Part 9 of the NTA, financial assistance can be provided by the Commonwealth to States and Territories for native title matters and for administrative costs of State and Territory bodies and alternate right to negotiate systems, approved in accordance with the NTA. Broadly, this assistance can be for compensation arising from State or Territory government acts which affect native title.

Following the *Wik* decision, the Commonwealth extended the existing financial assistance offer, which covered compensation mainly for previous acts, because of the greater financial burden to which States and Territories are likely to be subject, following the decision that native title can survive the grant of a pastoral lease. The Commonwealth offer of a 75 per cent contribution to compensation arising from impacts on native title will assist States and Territories to meet their liabilities. A provision of \$7 million has been made in 1998-99 for such contributions.

Other expected Commonwealth native title expenditure in 1998-99 includes funding of the National Native Title Tribunal (\$23.8 million), funding of native title representative bodies through ATSIC (\$42.5 million) and provision of financial assistance through the Attorney-General's Department (\$7.3 million). This latter allocation includes an additional \$3.3 million (\$12.5 million in the 4 years up to 2001-2002) to implement the Government's commitment to make legal aid more widely available to pastoralist respondents to native title claims.