

INTERVIEW WITH JOHN ANDERSON, ABC'S COUNTRY HOUR

QUESTION: Prime Minister, what is your assessment of the current drought situation?

PRIME MINISTER: I am not too sure to what extent rain over the last 24 hours has altered the situation, but before that in some parts of Australia its certainly very very serious indeed. When I was in Riverina a few days ago it was very plain that the drought there was worse than anything that had happened since the 1944-45 drought. There are properties that have had no stock on them for many months or even over a year. People have left their properties and on some there are no sheep left, others have sheep away on agistment. It's grim and one of the problems that makes it hard is that the costs of owning the property now are much greater than they used to be and the reserves the producers once had just no longer exist.

QUESTION: Is the current Commonwealth State Agreement on Drought Aid satisfactory in this situation?

PRIME MINISTER: I think it's satisfactory as far as it goes and I have in recent times announced some extensions of the sorts of measures that the Commonwealth is prepared to help finance in relation to the carriage of water or the cost of installing bores or rehabilitation grants for local government in matters of this kind, but I have also asked for certain other matters arising out of the meeting that I had at Deniliquin to be examined by Commonwealth officials. One proposal for example is that if a person is unable to carry on on his property then it should be purchased and leased to a neighbour as opposed to being sold to a neighbour. The rationale behind that proposal was that the neighbour wouldn't have the financial resources to buy it, wouldn't want to undertake the financial commitment to borrow so that he could buy because so many producers are already in debt and they don't want to increase an interest (inaudible). Basically our philosophy is that land should be freehold. In the particular circumstances that have arisen that proposal might well have merit and its one that I've asked be put to examination.

QUESTION: If anybody took opportunity of this move, there would be some very large landholdings, wouldn't there?

PRIME MINISTER: I suppose that could be determined to some extent by what was happening in particular localities. No, I don't think necessarily very large. I think you could find that sort of thing would be more happening amongst smaller properties, or smaller medium-sized properties. I don't think it will be happening in the larger properties.

QUESTION: Have you thought, indeed, of making money more available to these producers who are threatening to walk off.

PRIME MINISTER: Household support is something which is being examined. Arrangements were introduced about a year ago but we

know from the number of recipients that it is basically not working and so the Minister is revising the provisions, revising the criteria and I hope that something more productive will come out of that. Apart from matters of that kind, if a particular person has got too much liability, too much - too great -- an interest bill, making more money available which is going to be a loan, which is going to have to be re-paid, isn't going to be a solution. Therefore, you are either talking about household support or change of provisions perhaps for farm build-up where that is appropriate. If loans are appropriate for a particular person I certainly believe in a drought situation they ought to be available, and I think by and large they are. But the lack of profitability has been so much part of the rural scene over recent times coupled with rising costs and bad seasons. Many people borrowed as much money as they wanted to and that it itself is an inhibiting factor and it restricts the approaches -- reduces the approaches -- that the Government might be able to pursue.

QUESTION: Can I go onto another subject -- beef exports? Prime Minister, despite the fact that we have now record amounts of beef, there are no new markets in the offing at the present time. Do you view this situation with any alarm at all?

PRIME MINISTER: I think in the development of markets it is a question of improving access, increasing access, largely to existing markets. I don't want to be held to ransom over the figures, but I think we export to a very -- well I know we do -- to a very large number of countries and the principal markets - United States and Japan - we're hoping that as season circumstances alter in the United States and their own killing rate drops as I believe it must that there then will be an increased demand for imported beef. Now while Japan has its own internal problems in relation to the import of beef, we have achieved better access steadily over the last two years. Quotas have been increased. We still have the problem of negotiating quotas every six months. I think Japan understands our point of view in relation to that which was the beef trades and long-term trade and we ought not to have to argue every six months. On the other hand we need to recognize they also have a domestic problem which makes a sudden move difficult and while we will continue to press for what we believe is proper and appropriate we have been getting better access and approved tonnages into the Japanese market and that is important to us. The real reason I think that while we have moved record tonnages and the producers don't do well out of it is that in terms of total overall supply in Australia there has just been too much on the market compared to the markets available to our exporters and that's when exporters have been able to pick and choose - there hasn't been much competition in the markets and while many exporters might have been doing reasonably well over the last period, as we all know, most beef producers would have been doing very badly indeed. Our beef numbers are being reduced in Australia so as we are successful in expanding markets further overseas and as our own beef numbers fall as a change comes in the beef situation in the United States I think we might see a quite different supply-demand situation which certainly ought to find itself reflected in prices for Australian beef.

QUESTION: Of course one of the factors that hinders the further expansion of Australian beef to other markets is of course you have got to compete with other countries who subsidize or indeed give credit sales to their own product on the market. Would you entertain here in Australia putting credit sales on beef for our markets?

PRIME MINISTER: I think its a matter that wants to be closely examined because as I understand it with trade to the United States overwhelmingly that's not on a credit sale basis. Now if you are going to get greater sales into Eastern Europe or the Soviet Union through credit sales you wouldn't want that to be spreading to your whole trade in beef. While it's a matter that I think we ought to look at, I think we ought to look at it carefully and not just jump to the conclusion saying yes it's a good thing to do. I know its a matter that some of the industries put to us and the Minister and departments are examining the proposal at the moment.

QUESTION: It's virtually playing the same game that the EEC is playing with us on the Third World market. They are subsidising, why can't we?

PRIME MINISTER: Credit sales aren't really subsidising. It's just giving you time to pay and I didn't I think answer the other part of your earlier question which was getting back to the question of subsidization. Europe does get rid of its surplus products, not only in beef and many other primary products by a process of subsidy. They just ask themselves quite blatantly what do our producers need as an adequate subsidy to take this market from whether it might be Australia or New Zealand or somebody else and that's the subsidy they get. The plain answer is that a country of 14 million people like Australia can't get into a competitive subsidy situation with the whole of Europe - over 200 million people. We just haven't got the resources. So in that area what we have go to try and do is to -- when Europe is dumping surplus agricultural products which is what it is -- they ought to do it in accordance with certain rules that do not disrupt the traditional markets of other countries such as Australia.

QUESTION: But don't we have rules. We have GATT. Can't we call the agreement GATT and say you're subsidising?

PRIME MINISTER: We could call up GATT if it was trade in industrialized products but I have been trying to make the point in recent times that international trade negotiations have resulted in a very unequal situation in trade in all the years since the last world war, because they have had GATT, they have made rules, they have applied those rules to what's meant to be fair behaviour to industrial products but then it screwed commodities, it screwed agriculture. That's like saying well everybody's got to behave properly---the manufacturers in relation to the protection of agricultural trade in agriculture you can do anything you like and therefore GATT doesn't apply overwhelmingly in this area. I believe that GATT has up to this point helped Europe, helped North America, helped Japan but it has hindered fair trade in commodities, it has hindered fair and equal trade in agricultural exports and this is one of the matters that the Minister for Special Trade Representations and indeed the whole

thrust of the Government's trade policy was designed to try and rectify at least in part.

QUESTION: You would like to see an international formal agreement taking into agricultural commodities?

PRIME MINISTER: I would certainly like to see fair rules for trade in commodities. I would certainly like to see fair rules for subsidization of those commodities into other country's markets. This basically gets down to whether or not the European community can be persuaded that she ought to change her stance. I don't think that we can be overwhelmingly optimistic at Europe's reaction although I think there is a growing recognition in relation to Australia they do need to make some movement. The fact that Europe is staying out of the International Sugar Agreement doesn't all do well for Europe's preparedness to participate in world commodity arrangements for example.

QUESTION: So you are not really optimistic about there being a massive change in the EEC attitude?

PRIME MINISTER: Not a massive change. We have tried to make-- however we dislike -- we don't challenge the Common Agriculture Policy as such. We don't challenge their right to protect European farmers. We would be very foolish if we did. Of course they're going to protect their farmers, but what we do want are changes at the margin - changes at the margin of their policy which will allow the possibility of some access of some trade where now there is often no possibility of trade and at the same time changes in the rules to their policy as they call restitution. I don't know how they came to use that name but that's subsidizing service commodities into export markets and if you could have rules which would apply when they used that policy so they didn't destroy the traditional markets of other countries such as Australia and New Zealand -- changes at the margin is what we have been after all along and it's on that basis I believe Australia is being completely and absolutely reasonable. We are not challenging their right to protect their farmers. We believe at the same time they ought to give us some capacity to trade with them.

QUESTION: Prime Minister, on the domestic scene you mentioned the return to the producer -- the beef producer -- do you place much faith in the PJT being able to highlight some of the anomalies?

PRIME MINISTER: I think they might well highlight significant anomalies between meatworks. I think it will be very interesting to have this knowledge. If we want the information it will be quite wrong for me to pre-empt what might come out but depending upon what it is we might want to discuss it with the states and see what should be done but we ought to have an investigation and see what the facts are.

QUESTION: Changing over to tariffs versus bounty and last week there was a significant announcement from the Minister for Business and Consumer Affairs, that is, on removing the tariffs or lowering the tariffs on small trucks or medium sized trucks I think it was -- and introducing a bounty. Primary producers organisation saw that as being a change of direction in your Government and indeed a recognition that indeed tariffs do not

help unemployment. Is that so, and will you be applying it more so on a wider field?

PRIME MINISTER: I don't think its a change in recognition --- a change in direction of policy. We've always indicated in some areas bounties operate better than tariffs. There have been bounties on tractor manufacture in Australia for many many many years and I think it depends upon cost analysis in each case as to what might operate better, a tariff or a bounty. But what I do say in plain terms is that we've got to treat the Australian economy as one economy and that attempts to divide it into manufacturers or employees from manufacturing industry and then into rural industries in the other is very misguided indeed because for many of our primary products the domestic market is the best market. Without tariffs there would have been no manufacturing industry. Without tariffs there wouldn't have been any domestic market for our primary industries and when we are talking about competition I don't really think that Australian dairy farmers want to see uninhibited imports from New Zealand lamb and New Zealand butter. I don't believe our potato growers and onion growers and other producers want to see uninhibited imports from other countries. If you get to the situation in which the world price for wheat was lower than the Australian price, would we want to allow the uninhibited imports of wheat when the world price was below the Australian sugar price. With all these things the primary industries are in fact put into a position where they can have a pretty fair certainty of having most of the Australian market and they need to understand that there is an element of protection involved in GATT - and I think most of them do.

QUESTION: But with respect sir, whilst they wouldn't like to see the competition with their own product, they would certainly like to see some dimunition of their cost inputs and of course this move by your Government in the fact of the IAC recommendation was very much welcomed.

PRIME MINISTER: I think that's a good thing. We're not in favour of high tariffs just for the sake of having higher tariffs but we do believe the circumstance in which Australia is if we are going to have manufacturing industry we do need to protect that industry. I'm only making a point that when people are sometimes calling for free trade they need to understand that there is an element of protection in relation to the number of Australian primary industries which doesn't always come to the fore, but which is certainly very real and of very great importance. The manufacturing industry is as diverse as tobacco, sugar, (inaudible) dairy, wheat and that needs to be recognized.

QUESTION: One last subject if I may sir, and that is union control of our exports. Your views on it?

PRIME MINISTER: We don't recognize any union bans in relation to exports and we have no intention of allowing the trade union to control Australia's exports.

QUESTION: They have in the past.

PRIME MINISTER: They have limited exports in some areas. A number of bans have in recent times been lifted and I think that exporters themselves have a responsibility to make sure that there

is reasonable discussion where there is a proper course to be undertaken but you can't have a situation in which exports are determined and governed by trade union movement.

QUESTION: How would you stop it?

PRIME MINISTER: I think you will find that bans in relation to Indonesia have already been lifted and Chile, I think they have been lifted, and part of that I think is a result of the general attitude that we are taking to trade union affairs in terms of consultation and also in terms of having laws which are much more appropriately related to the needs of Australia in 1978 than they were two or three years ago. The laws have been changed to give us more flexible opportunities. But at the same time I think -- and this might be one of the most important elements -- the Government has demonstrated that when it makes up its mind about a particular issue that it is in fact determined and is not going to allow the government of the country to be taken out of the Government's hands.

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