



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP INTERVIEW WITH RON EDWARDS, RADIO 6PR, 14 FEBRUARY 1995

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RE: ...I would like to welcome to the 6PR microphone the Prime Minister Paul Keating. Paul, nice to talk to you.

PM: How are you Ron?

RE: Very well indeed. Paul, you are coming to Perth - why are you visiting Perth?

PM: Why would you visit anywhere in Australia? To meet the people, to see how things are, to see what they have to say, what their feelings are at the moment, what their concerns are, and I make these trips routinely.

RE: Yeah - Paul, has it been a concern of yours that in Western Australia your general standing hasn't been as high as it has been in NSW or Victoria?

PM: I think it is a concern of anybody - you like to think that you're as approved of - or however one wants to describe it - wherever you are in Australia. But it's not something that has overtaken me in the last week and that is why I'm coming - I actually decided to do this trip in November.

RE: The Premier Richard Court said here today on 6PR with Howard Sattler that he didn't know about your visit - he feels that you should have let him know that you are coming to Perth.

PM: Oh dreadful. Isn't that shocking? I mean, he must be the only Premier in the country that insists I tell him when I'm coming. I mean, what is he? An air-traffic controller, or a Premier?

RE: Would you like to have a meeting with premier Court when you are here?

PM: I go to Sydney, to Melbourne, to Queensland - wherever I go, Premiers never insist, or even suggest, that I should see them. I'm not coming into his constituency - my constituency is the Commonwealth of Australia - he is a permanent constituent.

RE: There would be issues, for example, like Native Land Title, that he has taken a strong line on that you might want to talk to him about?

PM: Yes, but as a matter of fact he sent me a letter - he is trying to politicise my visit - he sent me a letter which I received 5 minutes ago asking for a meeting with a whole lot of things to discuss, including inflammatory talk about Native Title etc. Well look, I have got the itinerary set - if I have got some time I'll see him, if I haven't, I won't.

RE: So at this stage you can't tell him yes or no?

PM: No.

RE: Paul, the question of the carbon tax that was on the agenda - that was put on the agenda in recent times - is it the case that the Government has now dropped a move for a carbon tax?

PM: It wasn't on the agenda - it is only on the agenda, Ron - you know, because you have had the experience of it - when it comes to the Revenue Committee of the Cabinet, and the Cabinet agree to it. We were looking at the response to the greenhouse gas issues, and the commitments we made under these international conventions, but the Government has not got any sort of manic determination to be trying to impose taxes of that particular variety. I think it is important that we succeed in diminishing the growth of greenhouse gas emissions in this country, whether taxation is the best way to do that, or direct measures or conservation, is a moot point.

RE: The business community was concerned, because we of course are very large exporters of carbon-based resources, such as coal, and you would have taken on board their concerns?

PM: Absolutely. That is one of Australia's strengths - is that we are one of the primary exporters of these basic commodities, and I think we can mount a fairly strong argument that because of the quality of our low-sulphur coals etc, and the fact that we can burn them more efficiently than perhaps....in other words, the energy supplied by Australia can be used more efficiently than energy provided from other sources for products of other countries - that in fact Australia can make a substantial contribution here to this international problem.

- RE: Paul, the response of the environment movement of course was they believed that a carbon tax was necessary - do you share the view that a lot of people have in the community that the environment movement have this endless agenda that you can't ever satisfy them - be it on the carbon tax, the woodchipping issue, be it world heritage recognition - that in fact their agenda is almost overwhelming?
- PM: Of course, because you never deal with one group at one time - this is part of the problem. For instance, last year Ron, the Government - without any real pressure from the environment movement - put away forever for this country Shoalwater Bay in Queensland, which is one of the most pristine and beautiful areas of the Queensland coast, Jervis Bay in NSW where we deferred placing an armament depot and took it to Victoria, and then made clear that we wouldn't be putting any developments in that - it is pretty much as the day when Cook sailed past it. We put \$20 million in the Budget on a dollar-for-dollar basis with Queensland to buy back what is called the "hole in the heart of the Daintree Rainforest". So in one year the Daintree, Shoalwater Bay, Jervis Bay - not one word of praise from the environment movement, and when we get down to the annual renewal of a relatively small area of forests, we have these claims - fallacious claims - that we are desecrating forests, when in fact we have now sought to reserve for examination the areas likely to have important heritage values.
- RE: If you had your way through that woodchipping debate again, would you have handled it differently?
- PM: I don't think.....the answer to that is that none of us would want these things to be a controversy, but I don't know that you can avoid it with the Wilderness Society for instance. I mean, I think that part of the problem here is that I am like most Australians - I want to see the best of our forests kept, and at the same time, I want to see those jobs which exist in the timber industry be kept on a sustainable basis. Now, how do we do that? We sought to get that balance right in the decisions we have taken, but we have to deal with facts and truths, and the claims which the Wilderness Society have made that 1300 coupes - or compartments of trees - are pristine stands of trees, is simply untrue. The claim that the Commonwealth is desecrating these...and when people see the film footage on television, Ron, they're not the same trees, they're not the same areas that we are speaking of. See?
- RE: That has been put by some of the protesters who actually live in the timber areas - that they believe that the image created is that every bit of forest is being woodchipped.
- PM: And of the forests that will be woodchipped this year, 800 of those compartments nominated by the Wilderness Society and others, have been logged before, logged recently, logged out, and in no way that

which they represent to those people - those conscientious Australians - who believe in looking after the forests. I am sure that most people are in the same situation that I am in. I mean, it pains me to see an important area of trees desecrated by logging.

RE: So your eventual goal as Prime Minister would be to have a large area of plantation timber that we would harvest?

PM: Basically, a sustainable industry built on plantation and regrowth. That is, native forest which has been logged in the past, substantially logged in the past, and where we have got a lot of regrowth, and plantation. And we are very close to getting to that. It is important, I think, at this late stage to be able to save the important stands of trees, but we have to agree which stands are significant, important and pristine, and we can't have some people running around essentially with fallacies - telling people that there are a whole heap of areas that the Commonwealth is going to allow woodchipping in, which in fact have been logged over before, and logged over recently.

RE: Are you happy that the States really will have the carriage - as they do constitutionally - of the custody of these forest areas, and their forest management practices are up to the standards that you would set?

PM: One would hope that Ron, but this is what part of the point - we do live in a federation, and the States manage forests. Now, I notice on the ABC news last night there was a scuffle at a NSW forest, and on probably the commercial news as well. The people agreeing to the logging of those areas is the Government of NSW - the Government of John Fahey. And that is where the pressure should be brought to bear - the Commonwealth gets into this only through this external affairs power which allows it to approve or disapprove of export licences for woodchips. But that doesn't mean that we in the Commonwealth can stop a State Forestry Minister from agreeing to cut saw-log - major trees for logs - unless that State, or that Minister, has respect for the forest. Now, if they don't, then the environment movement should be on their back - to get onto the back of the people who have actually got the chainsaws out, not onto the back of the Commonwealth.

RE: Can you understand why young people want to see a future where largely, our forests are as pristine as possible?

PM: Not just young people.

RE: Young people certainly say that to me - that they kind of worry about the environment, and they are looking for a promising future?

PM: But Ron have a look at what the Government has done - first of all we put away the Daintree. I was Treasurer at the time, I helped Graham Richardson get it through - it cost us \$86 million in adjustment

assistance to do it. Since then, the south west forests of Tasmania - same story again. The southern forests of NSW, and then these other important areas like I mentioned, which are not only to be not logged, but not touched. Such as Shoalwater Bay; such as Jervis Bay. I mean, the Commonwealth record in this - and of course, before that the Gordon below Franklin, our advocacy for the turning of Antarctica into a wilderness park - the Commonwealth Labor Government sought to get the right balance between forestry, the imperatives of the environment, and keeping the best of our forests and the interests of the forest industries. But that will never be served by the untruthful recitation of argument which is not fact. Insisting that certain stands of trees are pristine, when they have not been for years.

RE: Do you think you can get back to the stage when Graham Richardson was the Environment Minister when there was an accord with the environment movement in Australia?

PM: They were given...in a sense, there were so many things done in that period, the environment movement believes it was then so much easier. And as you know Ron, there was a very big backlash inside the Commonwealth Government at the time after that period, that the development ethos was being lost, and too much was given to the environment. The answer is to come down the middle, and meet all the imperatives in a sustainable way - that is what we are trying to do. And by putting these 509 areas aside for further assessment, we believe those areas are the ones that are important. But they're coupes...they're largely on average about 150 metres square, and there is 500 of them 150 metres square - it's a relatively small part of the native forests of this country and I think people need to take that into account. But small or not we will seek to analyse them, classify them and protect them where necessary. But, we will not protect areas which are now not worthy of protection just because we have got some talking head from the Wilderness Society. I think a lot of Australians have got to understand that the Federal Government will in a practical way, in an effective way, protect more important areas of forests than the leadership which they otherwise may take from outfits like the Wilderness Society who will basically hand them pap - good objectives and good sentiments, but a wholly unprincipled approach to managing the issue and in the end relying upon information which is not fact.

RE: Paul, on the question of information and its factual basis, the Opposition has made great play in recent days about what are referred to as "the leaked documents" from Finance and other departments on budget projections. These would be worrying you in terms of the Opposition's use of them.

PM: Well, I think the Opposition is seeking to worry the country, particularly beneficiaries and pensioners and anybody who relies upon Commonwealth payments. You see, John Howard has been running

around saying, for years now the Opposition has been saying, the Government should cut spending. We should cut, they said, \$11.5 billion out of the budget through spending. But, what we find now about John Howard is he is in the job two weeks and he is returning to the same sort of opportunism he was involved with in the middle 1980s. The opportunism which said when we were struggling, all of us as a nation to restructure the country rapidly in the 1980s, the times will suit me. The opportunism which said when no other Australian politician said race should in any be part of the basis of selection for migration, he said for reasons of opportunism not of race, but for opportunism, he said that he thought there were too many Asians coming here. Now for the same reasons of opportunism he says he opposes higher interest rates, he opposes higher revenue and he opposes spending cuts. In other words, here is somebody proposing themselves to be Prime Minister of Australia, to run seriously the national economy and the national budget, saying he opposes any of the elements of variation, the elements of change in national budgets.

RE: However, if the documents fall in John Howard's lap, you couldn't blame he and Peter Costello for using them?

PM: Yes, you can. You can blame anybody who takes an unprincipled stand against the things they claim. They claim the Government should cut spending, now they are saying it is a shocking thing. Let me just quote perhaps one of the most widely read Australian commentators on the economy, Ross Gittins in The Sydney Morning Herald, he wrote yesterday a major column "... Howard Sabotages Expenditure Cuts ..." He starts off "... John Howard's unprincipled attack on the Government's alleged spending cuts carries a warning to all those people who want the Budget returned to surplus, but are implacably opposed to tax increases: their stand - the Opposition's stand - is a recipe for fiscal failure ..." And he goes on to say "Mr Howard's behaviour is unprincipled. It is unprincipled because it is hypocritical. Here they are as a party and a man who has been insisting for years that the Government slash its spending, turning all guns on the Government at the first sign that it may follow their advice ...".

RE: Couldn't John Howard, however, point to The Australian's Newspan today saying, look, he's doing all right thank you very much, he might be accused of sabotaging budgets, but in terms of the electoral outcome he is travelling all right?

PM: But you remember Ron and I remember that front page in The Bulletin in 1988: the picture of John Howard with the front cover saying "... Mr 18%: Why does this man bother? ..." Do you remember it?

RE: Yes, I do.

PM: Why was he at 18 per cent? Because of this naked opportunism. I mean, John Howard knows that it is important to get the country's budget right. He ought to be saying to the Government: "you produce your budget, we'll see what the result is. But, we believe the Government's budget should pass through the Houses of Parliament and that we will take our criticisms or lend our support as the case may be." Now he has had a reprieve and a second opportunity at national leadership, for once he should do the right thing.

RE: Well, he says he is remaking himself, he is taking a positive stand on multiculturalism and the immigration issues, he is going to be more positive on the Aboriginal Land Fund and he will be a tenacious character to deal with I would argue.

PM: But Ron, does it look like he is remaking himself. I mean, here he is, second week out, in an issue of real substance and weight - the national Budget - he picks up a leak from the bureaucracy and he behaves appallingly with it, trying to scare the wits out of anybody who will come along and that is the very point that Mr Gittins says "... it is unprincipled because there is a blatant campaign to scare the electorate, particularly the most financially vulnerable - the elderly, the sick and the jobless ..." I mean, here is John Howard remaking himself with these sorts of tactics. I don't believe he is. You see, I said in the House the other day, John Howard wants to pretend he doesn't have a past - he is the Ronald Biggs of the Liberal Party. He sort of absconded saying I am not really the same John Howard I used to be, just like Biggs says, I'm not really a train robber, I'm only a fellow in Rio with a Rio shirt, with a tropical shirt. I mean, the fact is, John Howard does have a past. It was to leave Australia as an inward looking, high tax, high inflation, low growth, high unemployment economy. That is what this Government inherited from him and when he was Opposition Leader he brought no more policy certainty to the country than he did when he was Treasurer and, in fact, he left in such poor state that the Opposition removed him from the leadership in the Parliament between 1987 and 1990 - in 1989 in fact.

RE: Paul, does it worry you, the electorate's reaction to Parliamentary behaviour, what they see of question time, has it caused you to rethink your attitude towards the televising of Parliamentary proceedings?

PM: Well, they are televised Ron and that is a fact of life. I think it has changed the debate somewhat, but I suppose life is about changes. There is a lot of information, a lot of mood, a lot of balance, in a sense, it is the fulcrum of Australian public life as well as the cockpit of Australian public life and I think the nation has been served well by the political system. Australia has been through a change in the last 12 years, probably greater than any other OECD country. We have stripped away the tariff walls, we have opened up the financial markets, we have now got a high productivity competitive economy

with a low inflation rate, we are exporting half as much again as we were 10 years ago and by and large the public system, I think, has served the country well. I think, the Parliament is reflection of this.

RE: Can we turn around the current account deficit?

PM: Well, we will only turn that around in an absolute way when we save more. But, the reason we are not saving as much these days is because of two decades of double digit inflation. I mean, Australian's have had inculcated into them, the notion that if they put their money in the bank or put it into a fixed interest security, within 10 years it will be worth much less. So what you do is you buy a flat or you buy a holiday house or a second property and we have now had tremendous inflation performance for three years, but three years doesn't change the psyche and the propensity to save after 20 years of lessons that you can't trust cash.

RE: Wouldn't it help people to save if they were able to deposit, let's say \$5000 or \$10,000 in a bank using their tax file numbers so companies couldn't do it and that that sum of money, the interest on that would be quarantined for tax and social security purposes. Wouldn't we get back to the day when you and I went to school where we were encouraged each week to go and put a penny in your Commonwealth bank book?

PM: Well, it is the after tax treatment that is the problem in the past. I mean, it is high inflation and the after ... you see, let's say Ron, you have got a real rate of interest of 3 per cent and you've got inflation of say 10 per cent. You are picking up 13 per cent interest on your deposit. This is the form in the 1970s and 1980s. You are taxed on the 13 roughly for most people, a third of that goes, say 4 per cent goes. But remember, that 11 per cent of it was actually fairy floss, it was inflation. So, you are actually paying tax on the inflation, so the after tax income of the saver was very poor. You will only really repair this problem with low inflation, and who delivered low inflation to Australia? This Labor Government. I mean, we have got a 2 to 2.5 per cent inflation rate and where did it come from? It came from this Government.

RE: Right. Would you deliver, if you have delivered the low inflation which is on the record, would you deliver something like that really encouraging people to save because, obviously, superannuation is helping the national savings ...

PM: We introduced that. That is the thing we did to encourage people. We introduced award superannuation - I did with the ACTU in 1985/86 and on 1 July 1995 and again only because of this Government ... the tax meter turns over on 6 per cent. We go over one more percentage point on 1 July. So, as of 1 July this year the whole of the nation is

saving 6 per cent and as a consequence we have now got \$330 billion in superannuation savings - that is \$330,000 million. That is the vehicle the Government has chosen. But, if we give tax relief in one place, often you are giving tax relief for savings which will be made anyway and it just encourages there and discourages saving somewhere else. So, these are not easy questions. You have got to get a net addition to savings. I contend, Ron, you won't get that net addition, it only comes from two places - a better inflation performance in the long run and the Government moving the budget back into surplus so we have what we call public savings.

RE: Right. Just finally Paul, the debate about the republic, it moved ahead and then it slackened off, are you happy with the way it is going at this stage, will we see a republic by the time we have the Olympics in Sydney?

PM: I think so. I hope so and I am sure many Australians now believe that we can't go on forever without being represented by an Australian head of state. But again, this is a debate. People are warming to the issues, they are discussing them. It takes time, there is a certain chemistry about it, there is a certain sort of flow to it and the Government will be responding, this year, to the Turnbull Committee's report which was the report of the Republic Advisory Committee and the recommendations which were made there. So, there will be some material additions to the debate, but the real debate will be in the hearts and minds of Australians and, of course, any changes to an Australian republic can only come by way of referenda. That is, a majority of electors in a majority of States.

RE: At the same time, do you think we will see a change to Australian flag flying in Sydney for the 2000 Olympics?

PM: Well, I think that is still, in a sense, a subordinate matter to the principal things, that is the principal issue, that is whether Australians can be fully represented by somebody who is not an Australian person.

RE: So, Paul, we look forward to you joining us here in Perth this week. A lot of issues will continue to be debated. I thank you for joining us today on 6PR.

PM: Thank you, Ron, I'm looking forward to coming.

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