



PRIME MINISTER

THE PRIME MINISTER, THE HON P.J. KEATING, MP, INTERVIEW WITH
JULES RETROT, ABC RADIO - 21 DECEMBER 1992

E. & O.E - PROOF ONLY

RETROT: Mr Keating, almost half the funding has been set aside to combat water degradation. Why the accent on water quality.

PM: Well, because the Murray Darling river system on which most of this money will be spent is largely a sort of Commonwealth, it's an area where the Commonwealth can be involved. It crosses States, it's a trans-State issue, it's one where we're already playing the role in the Murray-Darling Basin Commission but where more needs to be done and where we need to remove some of the phosphorus which is getting into the river from sewerage plants and what have you. So we're taking that on as a much bigger issue over the course of the coming year. This Statement also deals with other things such as, we're having a full and open assessment in the environmental and economic values of Shoalwater Bay area in north Queensland; we're declaring Riversleigh's fossil site in Queensland and the Naracoorte caves of Sth Australia nominated for World Heritage listing. We've also got programs to deal with feral animals and also Mimosa Pigra that problem which is invading the Kakadu. So it's a very broad statement. Again, it's another step along the way for the Government in a long environmental protection program which we began with the Gordon below Franklin in 1983.

RETROT: To what extent does it build on Bob Hawke's 1989 Environment Statement to which I think was in the lead up to the 1990 election wasn't it.

PM: Yes, well they all have a common theme to them. That is, we believe that protecting the natural environment is not just a good social thing to do but a good economic thing to do and that we have to grow the country in an environmentally friendly and sensible way. And these are issues which for where the Commonwealth needs to be involved which I think probably they won't succeed in being dealt with.

RETROT: How far has that one billion trees program progressed.

PM: Well it has substantially. I mean I'm not addressing that today, but it's a program from sometime back, but it's still going on.

RETROT: What do you make of Tasmanian Greens' leaders criticism, Bob Brown, I'm talking about, that the Government would be better off stopping the felling of trees in places like Tasmania rather than concentrating on trying to plant and grow new trees along the Murray-Darling River Basin.

PM: Well I think I've tried to get that balance right between plantation of old growth forest, it's a long debate but the big declarations and reservations of forests in Tasmania have been of course, done largely at the hands of the Commonwealth Government.

RETROT: I seem to recall that Bob Hawke, in his Environment Statement, promised to get out of native forest wood chipping by the Year 2000. Is that a commitment that will be adhered to.

PM: Well, it's a complex subject, you can't give simple commitments about it, but I think that obviously plantation has got great potential to it. But again, it's not easy to plant on former agricultural land. I mean, what we're finding with some particular timbers like eucalypt that there are distortions with it, and in fact one of the things that that co-operative research centre in Hobart is looking at in terms of eucalypt and eucalypt genetics, is dealing with some of the problems of growing plantation on former agricultural land. But plantation is one of the ways to go.

RETROT: How important is today's statement as a political document, rather than an environmental document.

PM: Well it was planned some time ago - 3 or 4 months ago. I think it is important to keep this agenda going. I mean, I think we're reminded all the time of these algal blooms on some of the major river systems. We know our water quality is declining and in Adelaide for instance, which has its water quality governed by the quality of the Murray-Darling system, that city relies upon water in this system, so therefore, it is something which we need to keep plugging away at. And I think that's the value of it, it's not so much, I mean, if it's got a political value, fine, but it's economic and environmental value is pretty clear.

RETROT: What about the timing of it though, so close to Christmas and just after the release of Dr John Hawson's Fightback Mark II.

PM: Well, it was timed months ago. We had this arranged

months ago.

RETROT: No attempt at stealing thunder here.

PM: Oh, no, no. Well he's the thunder stealer. He's the guy that told us a week ago the stimulatory policies were wrong, that it was irresponsible to spend money as I spent it in One Nation, that we didn't need to stimulate the economy, what we needed to cut was \$7,000M out of spending.

RETROT: Now that you've mentioned Dr Hewson, turning to the Opposition's reborn Fightback package, Dr Hewson said on AM this morning that the pressure is back on the Government. Is it?

PM: No, I think the pressure is back on him. I mean, the fact is that he's the one who said the stimulatory policies were not necessary. I mean what we've got at the moment, this is the biggest con job in Australian political history. This is a man who's running on policy he doesn't believe, and funded by money he doesn't have. I mean, he said to us, One Nation is wrong, spending a role for Government in the economy to spend was wrong and irresponsible and at the Budget he made a long speech about how we ought to cut \$7B out of the spending.

RETROT: But is he back in the running.

PM: He's now saying, well, hang on, that's all wrong, my Fightback package which I said to you I took a year to prepare, is now wrong, I've got to change it, radically change it, and in changing it of course, he's changed it only at the margin and all of the nasties are based on a GST, it's still there raising \$22B; he's still got Jeff Kennett's industrial relations policy; he's still got zero tariffs - it's largely what he started with.

RETROT: Yes, but the two aspects of Fightback Mark I, the original Fightback, that you've been beating the Opposition around the head with very successfully for any number of months now, they are of course the GST on food and cutting the dole after 9 months, they're now gone, what sort of tactics will you now employ to keep attacking them.

PM: Well, Jules, let me make this point to you. Fightback Mark I GST raised \$27B, that's over half the income tax of the Commonwealth. The Commonwealth raises \$49B this year in income tax, it was originally \$27B. It will now be \$22B. So you can see, with food out, it's still a monster of a tax which will tax all your clothing, services, and practically every other item in the economy. And of course the thing is this. If Dr Hewson were to win the election, the Treasury would say to him, when he was designing the GST, look you can't have exemptions like this. It won't work with these exemptions. And what you'd have is Dr Hewson giving us another press conference saying look I'm sorry

about this, but I've now been told I can't really, look I would have liked to exclude food but I have really been told now I can't exclude food and it's back in, but I'll adjust the compensation package. Look, you can't believe this guy.

RETROT: What's your reaction to the way the business community has reacted to the reborn package. I mean, various business leaders have spoken in terms of a welcome boost to confidence. That's good news isn't it.

PM: Well, I think that there will always be a few people barracking for those sorts of policies. I mean, a business will always take what you can give them. I gave them a huge depreciation package, early in the year, in One Nation. The package which Dr Hewson is offering is actually a tax cut for investment already in place; not just new investment to encourage new investment, but a tax cut by faster depreciation for investment already in place. It will do nothing to add any capital stock to the economy but just cost the budget. But of course if you go and give business money they'll say thank you very much. I'm not surprised at that. It's a matter of where his priorities are.

RETROT: There are some heavyweights in business though, I'm talking about Ian Salmon?, Chairman of the Business Council of Australia's Economic and Financial panel. He's also, as you well know, Managing Director of the AMP Society. You've got the Managing Director of BHP, John Prescott, his reaction 'quite warm' they're his words.

PM: Well, I mean, their entitled to their view. They said the same thing about the One Nation Statement. I think what they're saying is that, you see, Dr Hewson has moved to the Government's cast of policy, we haven't moved to his. We've said look, the policies of co-operation, the policies of inclusion, the policies of expansion are the right policies for an economy in a recession. The Japanese Government introduced a huge fiscal package, the United States Government is just about to do the same under Governor Clinton. The OECD is urging member States to introduce a stimulatory package. Dr Hewson said no, this is all voodoo economics. No, no, no, it's all wrong, wrong, wrong. He's now shifted to a more stimulatory stance. Therefore, some of the business people who have supported One Nation and supported us, have said, yes, this is in the same line as the general course of policy, we think that will encourage a recovery. I'm not surprised at their comments, but in terms of the tax changes, they're just simply give aways, but I don't think they'll be too laudatory of the industrial relations policy, they're still basically Jeff Kennett Mark I, which is pushing 8 million Australians onto individual wage contracts with all the mayhem and disruption that will come with it, that's not changed.

RETROT: What about his proposition, his proposal to cut politicians pay, that's a canny move isn't it?

PM: Well, I think it's a cynical move. I mean, Jeff Kennett, was in there the night that he was cutting penalty rates and annual leave loading, he was giving Ministers a wage increase until the public sprung him and he dropped back. Now Hewson looked at that lesson. You see, everything that John Hewson does is poll driven. The reason he shifted his policies, not because he thinks the new policy is right, it's because the polls were telling him the old policy was wrong.

RETROT: Isn't it sensible for a politician to look at the polls and what they're telling him.

PM: Well, I think it's important that there's some integrity to our national life. When a political leader says something, and says he means it fervently and says it for nearly two years, I think we're entitled to believe him.

RETROT: You would have gone to the polls in December if Labor wasn't on the nose in WA surely?

PM: No, no. No, no, no, I wasn't about to try and have sort of, you know, crawl through some crack of light. I think the public is entitled to make their mind up with fair time. But when a political leader makes statements - I mean, basically for some of the media reception to this package, what they've said is look, the fact that Hewson doesn't believe this, the fact that he said the very opposite now for 2 years, the fact that a major political leader can change his mind overnight, that's clever, that's clever. Well the media is rewriting the ground rules of Australian politics and at the same it's also saying we don't really care where he funds it, we know he can't sell \$20B worth of Telecom. We know the market can't absorb it. We know if he sells it, they'll have to pay for it by changing the commercial basis of Telecom - they'll move to timed local calls. But look, these disciplines now don't matter. So I think what the media has said in the last couple of days is that the discipline of a political leader sticking with what he thinks is right and giving his word on policy can be changed and be regarded as clever of adopting a financial package which is shonky, which can't be realised, they're saying is politically clever, they've shifted very rapidly and quickly the ground rules of Australian national politics. And, of course, the Government will be taking note of their response.

RETROT: Mr Keating, let's change the subject very briefly for a little while. Your 12 month anniversary as Prime Minister came up on the weekend didn't it? On Saturday, 12 months in the chair. Now any regrets in terms of goals not achieved over the

past year.

PM: Oh, for me, if anything, Jules, the horizon has opened up over the course of that year.

RETROT: Due to what?

PM: Just opportunities which have come along. I think that my visit to Indonesia and to Japan opened up new opportunities for Australia that I thought mightn't have been opened up as quickly. We've now developed a Ministerial Council grouping in Jakarta which met for the first time about 3 weeks ago, with great success. I think we've got greater access to the Japanese Government and bureaucracy than perhaps we've ever had. This was an opportunity which I wanted to work on but I didn't think we would get as far as we have within a year. Another thing was the development of the National Training Authority. As you know, the 60% of kids who don't get into University, of them only 29% are trained, the rest are untrained in this country, because the TAFE system is not up to it. What we agreed during the course of the year, was a real break through on Technical and Further Education with the States agreeing to join with the Commonwealth in a National Authority, with all of our budgets, to do for Technical and Further Education what we're able to do for universities.

RETROT: The next question is finding jobs for all those trained people.

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PM: Yes. That's an opportunity I mean, to give Australia chance at a sort of, a system of European politechniques for a vocational education is a great opportunity. You know, some of the others have come with a re-building of the National Rail highway; we've already at this stage agreed to let Qantas fly internally and Ansett externally; the air system is changing. All this has happened within a year. And of course the other day we agreed also to an offer by British Airways for a trade sale in Qantas which will make it a much stronger carrier. So the year for me has been a very interesting one and also I think declarations about the importance of Australia's identity and the economic importance of that abroad has also been another area which I've found fascinating.

RETROT: Yes, now okay. Christmas just a few days away, what's likely to be in the Prime Ministerial Christmas stocking for you.

PM: Well, for me? The nicest thing for me, I think I get more pleasure at Christmas from my children. The more happier they are, the happier I am. So I think my wife and I probably get our biggest thrill from them and we generally put a reasonable effort into their Christmas. So they're still -

RETROT: You're not about to say what sort of present might be

sitting waiting for you.

PM: No, well generally, there are not too many presents for me.

RETROT: Is that so.

PM: But, I'm past the present stage. But my youngest is 6 so, 6, 11, 13 and 16, well the three younger ones particularly are still a lot of fun in terms of Christmas.

RETROT: Paul Keating, have a good one.

PM: Thank you very much, Jules, good to talk to you.