



# PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP  
INTERVIEW WITH HOWARD SATTLER, RADIO 6PR, 16 FEBRUARY 1995,**

## **E&OE PROOF COPY**

**CALLER:** Welcome Mr Keating, and I think half of these people that have rung up should go to the UK and live under a conservative government and then they would know it's not easy. This is a very, very good country under Mr Keating's government, it's absolutely magnificent and that's all I would like to say. Welcome Paul.

**HS:** Did you hear that?

**PM:** Thank you very much.

**HS:** That was a nice introduction.

**PM:** Absolutely.

**HS:** The rest of it wasn't all so good. Thank you very much for your call. Look, the Prime Minister has joined me in the studio early, how are you?

**PM:** I am good Howard, thanks.

**HS:** Where have you been is a question I must ask you before the news because we haven't seen you here for 11 months, where have you been?

**PM:** I would have come in August, but I ...

**HS:** What happened?

**PM:** Got a bad attack of the flu as you know.

**HS:** Well, people are making much of this fact that you appear to show us little regard.

- PM: What they should be making much of is the fact that the economy has grown here 10 per cent in one year. It took 150 to 200 years to get so big then it got 10 per cent bigger in one year. Now, that is what I am here for, that's what I do. I am about making Australia grow more strongly and the last election the Government was rehired to restart the growth and employment. That's what we have done. That's what the community have got to worry about. Is he over there getting me a job? Answer yes.
- HS: Well, Richard Court would say he has done all that because it's all happened since his government came to power.
- PM: So, in other words the rest of the growth around the economy is all his too? In Victoria, New South Wales, Queensland ...
- HS: No, it's Jeff Kennett in Victoria and ...
- PM: What has happened, it's come off the Federal government's policies. This State has been growing, it's had 10 per cent economic growth in this last year which is just phenomenal and 5 per cent employment growth and 2 per cent inflation. It's come off the back of the Federal government's policies.
- HS: But, would you agree, I don't want to labour this too much, but there is a perception that if you are not here you don't care, and you agree there is a perception?
- PM: Perception from all the people who generally try to give us a boot in the tail at their ballot box, but from the people who are serious and are on side I don't think that is ...
- HS: Do you know we are parochial Western Australians?
- PM: I know, but why should you be? I mean here you are, you're contributing a very large proportion of the country's growth. I mean much of the economic policy for the last decade had been set up in Canberra for Western Australia, the exporting states of Western Australia and Queensland and we have got here Carmen Lawrence and Kim Beazley and Peter Cook and our Ministers who are constantly here and putting me and the Cabinet in touch with Western Australia. I mean this is a ... we have got modern communications, it is important, I think, for Prime Minister's to visit parts of the country. I try to do that, but as you know to come west it's at least 2 days. So, it's 2 days out of any week and in this case it's 3, so given the pressure of the job it's not easy to do it all the time.
- HS: Well, I have got lots more questions to ask you and we will do that after the news and we will take some talkback, as much as we can.

The Prime Minister is in the studio with me and it's good to have him here after a gap of 11 months so we have got a lot of catch up on, haven't we?

PM: It's your call.

#### AD BREAK

HS: We have the Prime Minister in the studio today, he is here in Western Australia for a three day visit and some of the issues which I know that most people want discussed are the Mabo land rights legislation, how it is going to impact on Western Australia, there is health and housing of Aboriginal people, there is the upcoming federal Budget, there has been a huge blue over road funding and a nice old set too over that, petrol prices and the fact that the Federal Government takes about 33 cents in the litre and the suggestion that it might take more and forest management. Prime Minister, will you be discussing all or some of those issues while you are here and who will you talk to about that?

PM: Well, you if you want to Howard.

HS: Thank you.

PM: Go for it straight away.

HS: That puts me ahead of the Premier.

PM: Well, in these things you probably are.

HS: Good, thanks very much. Now, you made the point before the ... no I'm happy about that ... you made the point before the news that to come across here takes at least two days out of your time. The Premier, I guess, would contend that if he is going to go across to Canberra or his Ministers and see their counterparts, the same thing applies to them.

PM: Well, that is true except there is half a dozen States and moving around them requires a substantial commitment of time, but nevertheless this is what we are all happy to do.

HS: Now, can we expect, although I don't want to make everything of this, but more regular visits from you in the future?

PM: It depends what the time is, when the Parliament is sitting, what the issues are. I mean, last year we had a May Budget - we changed it for the time - from August, we've always had August Budgets since the war. Last year we changed that and that changed a lot of the schedules. I had a number of overseas commitments, of course, one of them was APEC in Indonesia in November and a number of others

in the second half of the year and it is just pulling the better part of a week out, you know, you can do it, but you can only do it at the cost of basically keeping ones eye on the ball.

HS: This business about the Premier won't see you and you won't find time for him, can you appreciate that electorate thinks this is a little bit puerile?

PM: Well look, it is on his part. I mean, what normally happens to me is if I am coming to Melbourne Jeff Kennett will call be a week earlier or something and say 'I hear you are down next week, have you got any time?' and I'll 'yes', or John Fahey the same, and we'll have a meeting and hardly anybody knows and we'll sit down and do a bit of business. What Richard Court does is firstly go on your radio station then write me, essentially, a sort of rude letter, then release it to the newspapers and then send it to me and I'm supposed to say 'oh, yes, here I am Richard, now what do you want me to discuss?' I mean he has got to be joking.

HS: So, you are saying that if he had written a ...

PM: If he was dinkum, if he is genuinely interested in the issues of his State and his people he would ring me and say 'look, you are coming over next week' - he knew I was coming.

HS: He did know you were coming?

PM: Oh yes, because we had invited him to the Regional Economic Development Organisation launch yesterday. He knew I was coming and if had said to me 'look, can you make some time for me' I would have seen him. But, if there is a genuine wish to talk about some things, but you see, there is essentially no co-operation from him and what he does is he comes on your radio station, then he says he wants to see me. He then publishes a letter to the newspapers and then he sends a copy to me. So, he is not serious and if he is not serious why should I ... if he is in to playing games, I'll lend him a little snakes and ladders set before I leave. Another thing about him is, the terrible thing about him is he'll probably use it. In the quiet time up there he would probably get into it.

HS: OK, but are we going to be punished for all of this? The West Australian ...

PM: No, just understand this, let me just take ...

HS: You don't hate us because we have got a Liberal government do you?

PM: Look, don't confuse my association and good wishes and work for the Western Australian community with what I do with Richard Court. If he

wants to, essentially, deprecate their interests and discount them by these sorts of antics the point I made before the news Howard is this, Western Australia grew by 10 per cent economic growth last year. In other words, if we kept that up for 10 years, everything that has been created in the 150 to 200 years here would be recreated in full in 10 years. Can you just imagine what speed of growth that is.

HS: But, you won't let that happen anyway.

PM: But, 10 per cent economic growth and 5 per cent employment growth and 2 per cent inflation, the growth and the change in Western Australia is coming off the policies of the national federal Labor government. Now, they are the things ... I mean essentially, in the last election campaign the issues were all about growth and employment. I said that we would make the economy grow again and we would get employment growth started. We started that with the One Nation package where we started spending money in 1992. When private spending was down we lifted public spending. Now, they are things that matter most to West Australians. I mean, this is a big primary exporting State, it has got minerals, it has got agriculture, it is now selling ships, ferries, sophisticated metals like the place I was at yesterday. That can only happen with the competitiveness, the low inflation, the exchange rate, the wage outcomes coming from the federal government's policies.

HS: Sure, but just when it looks as though Australia is going to take off and we record a growth rate of 6.4 per cent, which in the Asian region wouldn't be considered anything special, you've loped the top off it with interest rate rises - 2 and 3/4 per cent in five months.

PM: But what we want is a sustainable rate of growth. Let's record this fact ...

HS: We just want to enjoy ourselves.

PM: Yes, but we want to continue to enjoy ourselves. We don't want to enjoy ourselves for one year, we want to continue to enjoy ourselves. This is the fastest growing, the economy of Australia, is the fastest growing western world economy by a big margin.

HS: But, not as high as the Asian region countries?

PM: But, the Asian region do not have a developed economy like this. I mean, for instance let's take Malaysia which is an important economy in this area. It's GDP is \$40 billion, their whole national output is \$40 billion. It is growing at about 8 per cent a year. Australia is \$400 billion and we are growing at 5.5 to 6 per cent. You try and lift a platform of \$400 billion and make it grow at 5.5 to 6 per cent. There is \$20 or \$30 billions worth of wealth there.

HS: OK, but what's sustainable, I mean what will you allow to happen?

PM: Well, if this was a European country and we were having a discussion on European radio, the average rate of growth would be 1.5 per cent for the nation. Here in Western Australia it is 10 per cent. In the whole of Australia it is 6 per cent. But what we are saying is to keep that going we have got to be able to produce the goods and services so it is not spilling into imports. In other words, we can't grow at a pace where we can't provide the product for it.

HS: But, how would you like to be working in the housing/building industry and all of a sudden interest rates go up 2 and 3/4 per cent in five months, they might go up more in the next few months then suddenly your work has stopped, that is what's happening.

PM: It will slow down ...

HS: No, it's stopped in many cases.

PM: But, overall it will slow down and it is coming off a massive high which, in the large, is unsustainable. But, if you take, I'm not sure what the medium priced accommodation market is like here in Perth, I certainly know about Sydney. Sydney is now becoming over supplied, hugely over supplied with medium priced, medium density housing. So, public policy slows it down and it makes the recovery more affordable so that when we are talking about 1996 and 1997 and 1998 we've still got good growth and low inflation. What we don't want to see is the growth go at such a pace that it blows the inflation rate and we are back into difficulties again.

HS: Ok, but can I ask you what is sustainable, what would the Government allow to happen on a regular basis - 4 per cent, 5 per cent, what?

PM: We are saying, our target is to get to an unemployment ... we think it is feasible to get to an unemployment rate of about 5 per cent by the year 2000.

HS: That is your target is it?

PM: Well, that we think is within our reach and you can only do that growing roughly at around 4 per cent a year nationally. Now, some States will do less than 4, others will do higher, but the average will 4 per cent. At the moment the average is 6 per cent. So, we are slowing it down for the good of everybody. In other words, it is to everybody's benefit that their job security is not an issue, that they can look forward to their children getting jobs and they can look forward to their savings not been torn apart ...

- HS: So, these are the interest rate rises we have to have are they?
- PM: Remember how low they have been. I mean, we took interest rates down to Reserve Bank cash rates, bill rates of 4.5 to 5 per cent and they are now around 5 per cent. They are now around 8 per cent, but they are still low ...
- HS: But, we do remember how high ...
- PM: The last 20 years, I mean they are very low rates.
- HS: We do remember how high home loan interest rates got under Treasurer Paul Keating, don't we - about 18 per cent.
- PM: No, they never got to 18 per cent.
- HS: Maybe I went to the wrong bank.
- PM: Well, maybe you did Howard, but they never got to 18 per cent. But, at the moment they are around 10 per cent. Now, all of that reduction in interest rates meant a big lift in take home pay to people because they weren't paying it out on mortgages. So, what we have done is put a modest increase in there which will actually slow the economy and make the growth more sustainable for people and give it low inflation. As I said a week or so ago, it is a premium that Australians are paying to guarantee the longevity of growth. But, the core point is it is the Labor government in Canberra that delivered this growth to Australia and to Western Australia and getting these big competitiveness issues right and the linkages into Asia and the business which is coming down to Western Australia from Asia is in large part because of the Federal government's policies.
- HS: Can we talk about the leaking of the Budget 'wish list'. A lot of people think it is a bit rich for your government to be calling in the cops when back in 1980 ...
- PM: No, I'm not calling any cops.
- HS: Kim Beazley did didn't he?
- PM: No, no the police do all these things ... they make all this clear themselves. If confidential government property is stolen, the police investigate it, but they always have.
- HS: So, who called them in?
- PM: That would be done by the Commissioner.

- HS: So, no politician, no one in government said 'look, the Budget papers have been leaked, or the wish list, will you investigate it', they just did it.
- PM: Obviously the police have been notified.
- HS: By who?
- PM: Well, they would be notified by the Secretary of the Department that had them stolen, no doubt.
- HS: And the Minister Mr Beazley, none of the other Ministers would have ...
- PM: Look, don't fall for this line, Howard, that the Liberal's have ...
- HS: I'm just asking questions.
- PM: I know, but you are repeating a line from the Liberals, you know, the Costello line - "Keating has put the police on us". The fact is they have got Budget documents which have been stolen and when something of core value to the nation's interest has been stolen, pilfered, the Commonwealth police will always ...
- HS: It is only a wish list isn't it?
- PM: It is a wish list by Departments, but it still is a document from the process of the Budget.
- HS: But, back in 1980 Treasurer John Howard's entire Budget was leaked. Now, I didn't hear anyone on your side complaining about that.
- PM: No, but it wasn't leaked to us. It was leaked to Laurie Oakes, a journalist. This has been leaked to the Opposition. This is a completely different matter, I mean, this has been leaked to the Liberal party.
- HS: So, you think there was nothing wrong with what happened in 1980.
- PM: Well, I don't believe the Budget ... I think it is a dreadful thing that the Budget should be revealed. It was a dreadful thing then and it is now, but it was done then by somebody to a journalist. This has been given to the Liberal party and then they want to pretend that they are not stolen documents. Well, of course they are stolen documents.
- HS: There has been a 40 per cent ... let's get on to road funding because this is another issue that does certainly affect Western Australia and the figure that I have been shown shows a 40 per cent reduction in Commonwealth outlays for roads in Western Australia during the past three financial years. Can you justify that?



PM: That is not true. The base funding, I mean Kim Beazley made this clear. Look, Richard Court has put on a 4 cents per litre petrol tax for his own reasons, for himself and his budget.

HS: Nothing that needs \$100 million extra to spend on roads.

PM: It is nothing to do with the Commonwealth, nothing what so ever. The base funding is in fact gone up, well, I'll read from 1991 to 1994-5, \$149 million, \$155 million, \$136 million, \$149 million, \$153 million, so in the last year it has gone up from \$149 million to \$153 million. What has come out of it are the One Nation spending which I said to you a few moments ago, which we introduced in 1992 to give the economy a boost and then withdraw it. The blackspot program which was part of that as well, that is the black spots which are those parts of particular roads where we have a lot of traffic accidents and when we want to give the economy a bit of a kick along we spend money to try and move these things out and we have a program to try and take out the most dangerous. That program came to an end, but the base funding and as Kim Beazley may also have made clear, that in terms of the Grants Commission recommendation - this is the money which is paid to the States by the Commonwealth - led to the inclusion of road maintenance expenditure in its assessments, along with various road related charges. He said this in a letter to Richard Court. The Commissioner accordingly recommended positive adjustments to Western Australia by amounts in the order of \$69 million in 1993/94 and \$72 million in 1994/95.

So, in other words, Richard Court has bunged on a 4 cents per litre petrol tax by himself, for himself, for his budget.

HS: Are you going to add on any more to your petrol tax take in the Budget?

PM: Well, I'm not going to be talking ...

HS: Can't you talk about what you are not going to do in the Budget?

PM: No, the government is not ... there is a Budget process and the Budget will be produced in May. The Cabinet has not met on the Budget or any of the core, main issues of the Budget, so I am not in a position to be saying yea or nay to anything.

HS: Not even nay.

PM: Because it is just not intelligent to say nay. I mean, people ask me for three months, I'd be saying yea, nay, yea, nay all around the place.

HS: All right now Mabo - you know that's a big issue over here - you would easily have gleaned that. Major projects, which I'm told by the Government here, have been held up by Native Title legislation include completion of the Ord River scheme, new hotels proposed for parts of the Kimberley, tourism projects in Broome - no-one wants to invest until they know whether or not the Native Title claims are legitimate or not?

PM: Well you know what's happened - Richard Court's Government is the only Government in Australia not to sign up under Mabo. Now isn't it interesting - he says this is all Canberra, and Keating and the Keating Government, but why did Jeff Kennett and John Fahey and Dean Brown and others introduce State Legislation to dove-tail in with the Commonwealth Native Title Act?

HS: Maybe because it didn't affect them?

PM: No. It does affect them. And the same with Queensland - they have done it to provide certainty to investors. The lack of certainty comes from the wilful rebuttal of national interests which comes from the Western Australian legislation. But let me just tell you this Howard - this is the serious part of it - Richard Court has now issued 8000 grants of interest in land over the last year, over which a large part of which may be unlawfully issued. That is, they have been issued ultravires of the Native Title Act. Now I wrote to him one year ago saying to him: "if you issue these grants of interest, be warned that you do it at your own expense - at your own behest and at your own expense - and that you will put the interests of the people you are giving these land grants to at risk". The prospect is, Howard, in this next year - this coming financial year - there will be another 8000. So, by the time the High Court hands down its' decision on the Western Australian challenge to the Commonwealth Mabo Act...

HS: When will that be, by the way?

PM: Probably in the next couple of months - he'll have in the pipeline somewhere between 8000-16,000 grants of interest in land. Now, some of these are exploration licences - 3000 of the 8000 are exploration licences - and they are not actually title. But there is 5000 titles there. Now not all of them, of course, will be over aboriginal land. But some substantial number will be, and...

HS: What's going to happen?

PM: Well the day it all goes sour on him, you will then be on your program saying to me "this is all the Commonwealth's fault". So I'm just telling you, there is a lot of villainy here on the part of the West Australian Government, and a lot of wilful villainy, putting the interests of Western Australians and West Australian businesses at risk by granting interest

in land which is ultra vires of a Commonwealth Act of Parliament agreed to by every other state bar Western Australian.

HS: But he would take some comfort from yesterday's decision of the Native Title Tribunal - it ruled against a claim by the Waanyi people for 250 hectares of land in North-West Queensland - he would say that is the beginning of the end of the Commonwealth's case?

PM: No. No it's not....

HS: He would say that.

PM: Yes, I know. But what he would say would be wrong. What that decision reveals is pretty much as we have been saying...we say in our Act. That is, where there has been a previous grant of interest in land - that is, a freehold title, or even a pastoral lease - that extinguishes the Native Title. Now, that is what the Native Title tribunal announced yesterday - that there was some other interest granted over that land which extinguishes Native Title....

HS: But they're now going to go to the High Court over it. I mean, what's the point of the Native Title Tribunal?

PM: ...but there was always the question about whether pastoral leases extinguished Native Title. We have asserted this in the preamble to the Act, but no doubt, on the first decision - which this thing is - some interest group will take it to the high Court to have it cleared up once and for all.

HS: But they might just keep doing it all the time. Every time they lose they go to the High Court? I thought...

PM: No. Because there will always be a test case on some of the principles, and that will be that. And there is no point in going back twice because the High Court won't take the cases on. But that buttresses my side of the argument - what I have said all the way through is, when he had the scare campaign "oh, we got all these pastoral leases, and those people will lose their pastoral leases", and we have said "no, no. Our presumption is that pastoral leases extinguish the native title". And what yesterday's decision does is buttress to Commonwealth - the Labor Government's - case. But what he is doing is something altogether different - he is issuing, willy-nilly every week, grants every week - grants of interest in land - which are probably in the main, unlawfully issued.

HS: All right, lets go to talkback - you have got about 10 minutes left. so David is you first caller - good morning David. The Prime Minister is here and he is listening to you.

C: Good morning Mr Keating.

PM: How are you David?

C: I'm just wondering - there is a lot of emphasis placed on looking after the family in the Social Security safety nets - I believe the forgotten people of the community are the single unemployed, and when you are talking about living off \$145 per week, and after paying \$110 for your weekly rent, you know, we're talking absurd living standards - and I'm just wondering can the single unemployed please get a better deal, Mr Keating?

PM; David, let me tell you, you are far from being forgotten. Last year we introduced the largest policy change in any western country with the White Paper on unemployment, called *Working Nation*. *Working Nation* is a job compact for those who are long-term unemployed. That is, the Commonwealth will give you work and a job subsidy, in return for an unemployed person taking it. That is for the long-term unemployed. For the shorter term unemployed, we are paying unemployment benefits, we are seeking to encourage people into training - but as well as that, we are creating so many jobs. Since the election - which is just 2 years ago next month - we have 496,000 jobs in this country- just on half a million jobs in 2 years. And in Western Australia, the employment growth rate in the last year was 4.7% - just under 5%. That is a huge number of jobs. So in terms of the commitments which the Government and I made in the last election - that is, not to forget the unemployed, and to focus on the creation of jobs and to give people job security - we had the largest fall in unemployment in this last calendar year ever recorded in Australia - 1.7%. The unemployment rate came down from 10.7% to 9%, which was the biggest calendar year fall on record. So, we're finding the jobs, we're trying to train people to take jobs, and to give them labour market programs and work subsidies, and we're doing it for the long-term unemployed by giving them a compact - you take the job, we'll give you the job and the job subsidy.

HS: All right David, thanks for your call. Paul's next - he wants to talk about the flag. Good morning Paul.

C: Good morning Howard, good morning Mr Keating.

PM: How are you, Paul?

C: I'm a young person in a young country, and I respect the office of Prime Ministership, unfortunately you have lost my respect in one particular area, and that is being your public denigration of our symbols of history and tradition. I believe that in a young country such as ours, these should be given nothing less than the highest regard,

and the way that you have gone about things has been a particularly damaging form of vandalism.

PM: You think you can't trust an Australian as our Head of State. You're a young Australian, but you are saying to me that you think we shouldn't have an Australian person as our Head of State? Is that right?

C: That's my question - and I'm sure Howard would be pleased - maybe an answer could get us an answer would get us on the 6 o'clock news tonight. And that is will you give a firm guarantee - here and now - that nothing less than a constitutional referendum be held to invoke any change in the flag? It's quite simple....

PM: Let me just make this point - I know what is simple and what isn't, and let me make this clear to you. The flag is ancillary to the main point, and that is Australia's constitutional arrangements....

HS: It's like the anthem, isn't it?

PM: ....that's right. It's a representational thing, but the core matter is should we be borrowing the monarch of another country - not withstanding the respect which I hold the Queen in, which is substantial regard on a personal basis, and for the job she has done with this country over time. But as a young country - as you have put it - we can't engage Asia in particular and walk around truly representing ourselves while the Head of State of Australia is the Sovereign of Great Britain. Now, your view is a very conservative view for a young person...

C: How are you going....

PM: ...and I think your the one out of step - not me. I mean, I would be very surprised if your view is held....I'm not surprised, I can tell you - your view is a minority view among Australians..

C: I asked the question - I agree that you want to change - how are you going to do it?

PM: There is only one way to do it - by constitutional referendum. A majority of electors in a majority of states. What we have said is let's have our.. our objective is to Australia see Australia become a republic by the year 2000, let's have a national debate. I raised all this openly, publicly in a policy speech in the last election 2 years ago, we now have a national debate of substance - it's being talked about all the time - and at some point of time, the Government will put a referendum to the public, and it will need to be carried by a majority of electors in a majority of states. But let me tell you this, even the Western Australian Government has commissioned - and this is Mr Court's Government -

...

- HS: The Constitutional Commission...
- PM: yes, the Constitutional Commission - said there would be no problem in their view in terms of the federation if there was a change to an Australian republic.
- HS: But if there is a change in Government - which you don't want to happen - do you think we would get that referendum? If there is a change at the next election - within the next 12 months - will we still get the referendum?
- PM: Well I don't think there will be, and....
- HS: I thought you would say that.
- PM: ...and therefore, we will be putting...continuing this debate.
- HS: All right. Trish Townsend is on the line, I believe she is with the Forest Protection Society - yes Trish? Big issue for the Prime Minister, this.
- C: Yes indeed. Good morning Prime Minister.
- PM: How are you Trish?
- C: All right. Look, just a word of thanks for your recent efforts to try and help resolve the crisis facing the timber industry, and the rural communities, in WA and elsewhere. Mr Keating, in your latest statement on this issue of woodchipping, you say that in the future, export woodchips forests can only come from forests that have been assessed by under a Regional Forest Agreement between the Commonwealth and the states. I just have two questions - the first is are you aware that in Western Australia we already have such an agreement in the southern forest region, and that a joint assessment between the Australian heritage commission and the Department of CALM has already taken place? And secondly, most of the timber harvesting areas - or logging coupes - withdrawn by your Government for re-assessment have already been assessed under the joint agreement between CALM and the AFC, so will your Government - as promised in writing by your Environment Minister, Senator John Faulkner, give full faith and credit to the agreement between CALM and the AFC, and allow access to those timber harvesting areas?
- PM: I think we continue to recognise the worth of CALM, but the assessments we're doing at the moment are wider, and includes national state values as well as others, and I think that is one of the issues which need to be taken into account. We remain committed to the National Forest Policy statement, and the commitments in the *One Nation* document, and I think the quicker we get to a system of...for the

benefit of the listeners who don't understand all these terms, what we have had in the past is a compartment by compartment assessment of whether woodchips should be allowed from particular places. We have said the best way to run the forests is not to have a debate over an area of 150 square meters at a time, but lets have representative reserves of trees, of species, of forests, and then the balance of it can be logged. That's what the National Forest Policy Statement says, and we want to move to Regional Forest Agreements across the country with clear definitions which include national estate values as well as others, and when we have got that, we will have a sensible industry.....first of all we will do this: we'll have, I think, what most Australians want - that is, the important stands of trees protected, the trees which have got heritage and national estate values will be protected, but at the same time we will have the basis for a sustainable timber industry, and not have this internecine battle over small compartments of trees every year under these annual licence renewals. Now that's where we're heading - this is what I think will be the value coming from this debate, and it should have happened 20 years ago.

HS: Could it have been handled better?

PM: It's about the issues - there are smaller...we are seeing smaller and smaller reserves of pristine trees. The smaller it gets, the more the environment movement gets agitated about it, and the smaller it is the more the loggers want to basically take what's left. So, I believe that we are not a long way away from a plantation based and a regrowth forest based sustainable timber industry. But we have to protect the important stands of trees. Now part of the problem of this debate, Howard, has been that some people in the environment movement - and some in the Wilderness Society - have run around saying "there is 1300 compartments or coupes which are pristine stands of trees, and the Commonwealth Government is not protecting them, and they're desecrating them" - that is just not true.

HS: Well some of them have already been logged?

PM: Exactly. And that is why of that 1300 that some people in the Wilderness Society are going on about, probably less than 500 are important stands of trees, and others have been logged once or twice, or completely logged, in the last half a dozen or 10 years. So, while a lot of Australians conscientiously do want the Commonwealth...or they do want to see their forests protected, they have got to know that the lead for them will not always be coming from the Wilderness Societies of this world. It will only come from the people who want the balance between looking after the important trees, and maintaining the forest products industry which of course we should be well able to do.