



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP
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DG: Mr Keating, welcome to the program.

PM: Thank you Derek.

DG: How important are the regional electorates going to be in the next federal election?

PM: Well, as important certainly as any other electorate in the country and what is important, I think though, is that now with the emphasis that the Government has put on regional development and regional policy in the Working Nation statement is that regions think that they are getting a look in, perhaps for the first time in a long time and they will be seeing what the major parties have to say - both about and for regions.

DG: Certainly, indeed earlier on this program earlier this week, Barry Jones was suggesting that Queensland regional seats were a potential problem for the ALP.

PM: Just normal public polling in the newspapers suggest that some of our support in regional Queensland has diminished, but the Government is the only party which is out there arguing for a larger role for regions. It is true now that many of the regions in Australia are enjoying more growth and more prosperity than the capital cities and the regions which are well lead, where the community groups, the businesses community, the trade unions, local government, community groups are coming together and setting goals, they are finding more local investment, more employment and they are doing better. We have encouraged this process.

We did a study with McKinsey and Company about two years ago and what the study found was that the regions which were well lead were the regions which kicked along. So, we are supporting that and we are

supporting them in many other ways. I went to regional Queensland in the drought and you might remember last November we made a very big policy change, we suspended the farm assets test for drought affected farmers. You see, farmers of course, have assets but they didn't have income, but under the assets test they couldn't receive income support. We have now got 11,000 farm families picking up that income support which is putting a floor under many of these regions. Can I just say about states like Queensland and Western Australia much of what the Government has done over the last decade in taking the tariff monkey off the back of Australia really meant taking the tariff monkey off Queensland and Western Australia. So, the reason Queensland is growing faster than the national average and the reason Western Australia is growing faster than the national average is because national economic policy under this Labor Government supported those two states and put far more adjustment pressure on Victoria and New South Wales.

That adjustment pressure is making the Victorian and New South Wales economies now modern. We are getting out of the old rust bucket industries and into new ones, but in doing it we have taken that cost off the big primary exporting states of Western Australian and Queensland.

So, we deserve to do well in the regional areas for that reason.

DG: You were in South Australia earlier this week visiting properties there and looking at Landcare issues, can you tell us about that visit and the projects that you saw.

PM: As part of the general debate about the environment, I take the view that we have been very fortunate to have this great bequest of this vast continent to a relatively small population and that we have to care for and nurture the environment. We are doing this now with the forests, but we have to also do it with soil and land degradation, to deal with the quality of the land. What we are seeking to do is to look at regional precinct approaches to Landcare and whole of farm management. We have got a very large Landcare movement now, about a third of farmers are actually in Landcare, but what we have to do is to look at each farm and manage each property. So, instead of just looking at a property and saying right, we will cut it into four and we will put wheat in four paddocks and we'll do this over two or three years, some soils will simply not grow wheat, some won't grow other crops. Other places are unsuitable for grazing. Land which is overgrazed ends up being a dust bowl and blows away, we are losing top soil. So what we are saying, is let's blend Landcare and whole of farm management, farm management planning, so that we can see in which way, right to each farm, how we can preserve the landscape and make it better and through the Rural Adjustment Scheme, actually help some farmers get off the land and perhaps the farmer next door pick up their property to have a more viable unit.

In some places this will need to happen, in other places not, but there is no doubt that water quality, salinity, land quality are a part of the big picture of the environment and we have got to tackle those hard problems.

DG: Similarly the logging debate is a part of the big picture too and that seems to me a sort of a flash point at the moment which I don't think anybody really wanted, but is there still potential for compromise?

PM: Yes, what the Government is attempting to do is what no other western government, I think, in the world is trying to do. We have set a benchmark for establishing representative reserve systems for Australian forests. Instead of just wood chippers and forest people tearing trees out willy-nilly across the country, what we are saying is let's establish a system of representative reserves so all of the important species of trees are represented in an adequate way. That way we know we are protected in the long run against indiscriminate logging or other practices. The benchmark we have set is 15 per cent of the cover which existed prior to European settlement in 1788. No other OECD or western government has set such a high benchmark. Most countries, say the United States, are looking at seven to eight per cent of the cover which existed before settlement. We are looking at 15 per cent. But to get that cover and to develop these regional forest agreements, to have representative reserve systems, it takes two or three years to define, measure and sort these areas so that a Regional Forest Agreement can be made between the Commonwealth, the States, the forest industries and the environment movement if you like.

So, what we are doing now, we have laid on the table plans for a three week discussion, draft plans, draft proposals for what we can Deferred Forest Areas. These are areas we will put away until we can do the Regional Forest Agreements, until we can assess how we get a representative reserve system.

In this three week process where we put the plans on the table, you are going to get all the pushing and shoving from the various interest groups, but what the Government is seeking to do is what no Australian government has ever done before.

DG: But how worried are you that the environmentalists are using their support as a sort of blackmail to try to get a better deal?

PM: They have got to be careful they don't over do it because this is an end game being played now. This is not just an annual scuffle over woodchip licences and certain coups - small coups, you know, one hundred metres square. What you are talking about here is the cataloguing and the inventories of Australia's forests for the long term. So, if some people in the environment movement exaggerate it, over play their hand, wipe themselves out of the process, they are selling

down the drain the interests of every conscientious Australian who believes in our environment. They are selling down the tube the interests of all those young people out there, all those Australians who believe that we should keep a pristine reserve system of forests and a government can do no more than try to take this on. Understand this Derek, the Commonwealth is not a logging authority, the Commonwealth doesn't have forests the States have the forests. So, we are now working with the States who have signed up under this policy. It will never be perfection, but we are trying to get as near to it as we can in a really good system the likes of which we could have only dreamt of ten years ago.

There was a bit of macho behaviour, apparently, in an officials meeting a couple of days ago where a couple of people said look, we are the enemy and if you don't line up we are going to wipe you characters out. Well, there is a lot of, I think, interested Australians saying we'll, this is not mature behaviour, what we want here ... this is now serious. There is no way a coalition government would ever do this, there is no way John Howard would ever be in this. There is no way the Liberal Party would ever lock up great lumps of the forests in representative reserve systems. So, they are playing for keeps, a lot of these people in the environment movement now and they have got to know that. So, if they take the view that they can, as they put it, knock us over even though they say ... this fellow apparently said John Howard wouldn't give us a quarter of this. What are they saying, we would like to see the forests decimated to poke a Labor minister in the eye or are they really putting the interest in the environment first because the Government is. We can't do more than we are doing now, we are trying to corral the States into a decent debate and lock up these areas so they can't go to woodchips or can't go to indiscriminate logging.

DG: Prime Minister, another issue that is a bit of national importance even though some might think it is a Sydney issue, but Sydney is the gateway to Australia for many of our international tourists and for those of us travelling overseas. The Sydney airport is almost a running sore isn't it?

PM: You are quite right in describing it like that, it is the gateway to Australia. Since the Government deregulated the airline system, airfares have fallen by 25 per cent and what that has done is increase traffic by 63 per cent. There is 63 per cent more people flying today than two years ago because a whole new market has been opened up for low income and middle income people because of the cheaper fares. We have just got the third runway into Sydney in the nick of time to pick up that capacity. What John Howard is saying is he wants to run the cross wind runway again. In other words, you would have planes coming down intersecting across two other down wind runways and, of course, it would be inherently unsafe and to make it even vaguely safe one would have to cut the capacity of Sydney back by 35

per cent. This would choke up the whole of the east coast traffic grid and choke up international passage into Australia.

But the point is more than simply about that. John Howard is saying to the community look, this government had done not a bad job, but they can't take it any further. They can't crack the hard nuts of the ports and the wharves and the labour market, leave it to me, I'll wear the hair shirt and I'll hop into all these unions and I'll hop into the waterfront et cetera. Because he said micro economic reform is what we really need. You say well, hang on John, the third runway at Sydney is the biggest micro economic reform in infrastructure of Australian aviation, the first bit of pressure in your own seat of Bennelong and what do you do? You want to cut it back. So, are you to be believed? That you would be the tough guy that actually hops into the wharves and the parts, but you never did when you were in government. That you would fix the labour market and fix it for good and when I say fix it I mean really fix it by cutting wages, but, you weren't able to reform the labour market when you were in office.

These are the issues which, I think, are revealed in this airport debate. It is not just about the capacity of Sydney airport. It is about the incapacity of Howard to do hard things.

DG: Is it also about the way Sydney is a bottleneck as well, that regional people getting access to the airport and regions of Australia getting access to international visitors because of what happens as soon as people leave the airport.

PM: I made this point at the Labor Party Conference last weekend. A lot of people will have to hub in NSW and the regions if Mr Howard were to have his way. For instance, you would find people in northern NSW couldn't fly in an eight or ten or fifteen seater aircraft to Sydney. They would have to hub in Newcastle. That will add another hour to their trip and cost them another hundred dollars. People in western NSW would have to hub at Dubbo. In southern NSW at Canberra. So, they couldn't get that direct access. So, they'll get into a wider bodied aircraft and it will then take them into Mascot. It will add an hour to their travel, it takes them now roughly an hour, it will be roughly a two hour trip and it will cost another hundred dollars.

That is unfair, I think, when we now have this capacity and you don't have to be an aviation expert to know that if you have got two aircraft running in parallel, they are inherently safer than something crossing another and crossing two. In the old days we crossed one and even that we were hostage to a major accident, but crossing two is impossible.

DG: You have a great reputation as a fighter in political campaigns, the polls are indicating that the level of support for the ALP from the blue collar workers isn't there any more, does that worry you or is this ...

PM: It is basically a nonsense. The Bulletin had a poll this week saying blue collar support is down on 1983 - 1983 is twelve years ago. The whole country has changed since 1983. A lot of industries we had then - old rust bucket industries - thankfully have gone and we have got tertiary and service industries now. You can't make the comparisons for 12 years ago and then they said that we have lost a quarter of the difference between what we have now and what we had then, not a quarter of them, but a quarter of the difference. And you say well, let me get this right, we have lost a quarter of the difference of a blue collar category of people in industries that today are totally different to then and yet the Labor Party at the last national elections picked up its primary vote from 39 per cent to 45 per cent. In other words the primary vote - where they put a number one beside you - went from 39 per cent in 1990 to 45 per cent in 1993. So, let the votes speak for themselves rather than some shonky poll by some magazine editor that wants to create a splash. The other thing is, the public are quite smart about the polls. They see this as a way of needling the government, you know, how are you going to vote in the next election? Oh they say, well look, I think I might vote for the Coalition. And then if you ask them who do you expect to win the election? Oh, I think, the Labor Party will win the election. It is a bit like a by-election, it is a chance of having a shot at the government. What the last election revealed and the one before that is that it is really only close to the election that people make their mind up and that's why there is a very large undecided vote sitting there. There is only one poll that matters and it's a truism.

DG: It is a truism, we'll be watching for that one. You've been involved in the Orange Agribusiness Conference, I think relatively recently, that was last month, can the government do more to ensure that we get more of our produce and our products into Asia despite things like EEP and those sorts of impediments that might be there.

PM: I was very heartened by that conference, there were 300 people from agribusinesses in Australia. The ethnic business awards which were broadcast on SBS last night, I was giving this presentation and you could see there people for instance growing lettuce. They know that there is a quality issue here, that they have to get the lettuce to the markets quickly and this chap who won the award, I think, was flying 20 tonnes of lettuce out on aircraft a week. What this conference in Orange was about was how we make that linkage. Instead of farmers just being price takers for wheat or wool or any other commodity we actually develop the downstream processing of these materials, of these foodstuffs and not just that, we take them into the market place. So, seeing someone like Reg Claires from Woolworths which is Australia's largest food retailer, his fresh food strategies work very well for them, taking them into Asia, saying let us see if we can organise the banks, Woolworths, the big retailers, organise the farm groups to produce food that we can manage in volume of high quality and sell it

in shelves we control, is a very encouraging development in Australian agriculture and it is why I attended that conference and why we are supporting these sorts of policies. In the next week I'm going to be having another meeting of major interest groups around this very same subject.

DG: So, that business of there being a partnership between government and business to be aggressive marketers of what we have got and we have to constantly prove to the market place that we can continue to provide though don't we?

PM: Yes, but understand this point about price taking, if you are just producing wheat if you sell into a world market you take the price the market gives you, that is all you can take. But, if you are selling to an Australian flour miller or an Australian producer of noodles or something and then they are selling them through Woolworths into Asia you have got a completely different situation on your hands. That is what we are really looking for.

DG: And negotiations on APEC free trade going on, will this have an impact on our ability to get more trade into Asia too?

PM: APEC is the biggest diplomatic initiative Australia has ever had and we have been principally responsible for threading together the largest free trade area in the world. We are still developing it by threading the pacific rim countries together. The next meeting is in November which I will be attending in Osaka. You might remember the historic declaration which we had at Bogor in Indonesia. Australia has never been part of a big table like this, never had a seat at a big table like this. We have always been an island continent, we are not part of the United States of America, we are not part of the states of Europe, we have got no natural market so this government has thought how can we do this? We have done it through the GATT, by seven years of negotiation there to get a better deal in trade in the World Trade Organisation, but it is not a regional area of open free trade and that is what APEC is. This is another point and can I just say John Howard, my opponent, he doesn't understand any of this. When the Leader of Vietnam came here about six weeks ago he wouldn't even meet him. Do Muoi went back to meet the US Secretary of State in Vietnam two days later. The week he came to Australia was the week that Vietnam became a full member of the ASEAN - the Association of South East Asian Nations. The Liberal Party has no concept of the need to develop Australia's bilateral and multilateral trading links and this is all about what our children do. What sort of lives our children will lead. What sort of opportunities they will have in 10 years from now and 10 years is not long. In five or ten years from now the face of Australia's trading opportunities in Asia will have completely changed. And I am happy to say because of this government.

DG: Just finally Prime Minister, at the moment the ALP holds more regional seats than the National Party, would you be doing a great deal to retain that and in conjunction with that many of those seats are very marginal, 5000 either way would have seen 10 seats change hands, will the next election be just as close?

PM: I think it will be, but the government has done a great deal about regional Australia. Firstly, we are the only government that has ever changed income support measures for the farm sector in this way in a drought. We are now using the opportunity of the drought, the problems of the drought to say let's not have this happen again, let's try to drought proof farms both with the farm savings bond so that people can save for the rainy day or the non-rainy day as the case may be or put fodder and water storage on their properties. Let's do those things, but let's get down to whole of farm management as we have never done before. Let's try to manage farms properly so that we have got sustainable agriculture and we are not just burning the ground up, burning away our heritage. Then let's think about farms in a regional precinct basis and on top of that then let's think smartly about how we market it. I don't think any other Australian government has ever done these things and that's why I think we will get a good response from the agricultural region and the provincial cities. We have got infrastructure bonds there to support capital developments in provincial cities which we have not had before. We've given support to regional economic development organisations, our consciousness about the regions is higher than it has ever been.

DG: Still a close election?

PM: They are always close.

DG: They are always close. When will it be?

PM: It will be when the government believes that the Parliament has run its full course. We are basically at the end of the Parliament now, but technically it is March next year.

DG: Thank you for your time.

PM: Thank you Derek.

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