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PRIME MINISTER

16 August 1996

**TRANSCRIPT OF THE PRIME MINISTER
HON JOHN HOWARD, MP
DOORSTOP INTERVIEW - WINTON, QUEENSLAND**

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Ladies and gentlemen, as I said when talking to the community groups a few moments ago, I've come here to better understand the problem that Winton and other parts of Central Queensland continue to suffer from the drought and other difficulties of rural Australia. It is important that Australians living in other parts of our country understand that although the drought has broken in much of eastern Australia there are still some very badly drought affected areas, particularly here in Queensland, and I've learnt today, looking at the landscape, the unrelenting character of the drought and its impact on the landscape I've acquired a better understanding of the sort of environment in which these very stout hearted people live.

I've tried to listen to what they've put to me. I've tried to explain some of the Government's attitude, the importance for the long term future of interest rates of a reduction in the Budget deficit which we will achieve next Tuesday night. The importance of industrial relations reform to reducing costs once product is out of the farm gate and if we can get our legislation through on that, and I hope we can, then all of those things are important.

I've reaffirmed the statement already announced, made by Tim Fischer that the Diesel Fuel Rebate is being retained and that's a very important decision so far as the farm sector and the mining industry is concerned. I want to thank Joan Sheldon, the Acting Premier of Queensland, for being here today. My colleague John Anderson and Mr Trevor Perrett, the Minister for Primary Industries in the Queensland Government. I've come here specifically in response to an invitation from Rob Borbidge, the Premier of Queensland, who's currently overseas. I'd be happy to answer any questions. And John Anderson has

a specific announcement that he wants to make for a particular package of measures which will provide support to the rural community. It's a joint initiative of the Federal and Queensland Governments. I'll leave that to John to announce.

JOURNALIST:

Prime Minister there was a report this morning that the Government intends, if you like, increase the Medicare Levy for people who fail to take out private health insurance over a certain sum, is that correct?

PRIME MINISTER:

Well I don't respond to each and every piece of Budget speculation. I've seen an enormous amount over the last few weeks. Some of it's been right, some of it's been wrong, some of it has been off the planet, but I'm not going to respond specifically.

JOURNALIST:

But you are offering a private health insurance ...

PRIME MINISTER:

Oh we're offering a private health insurance rebate. But you're not ...

JOURNALIST:

...(inaudible)...

PRIME MINISTER:

Hang on, hang on. You're not referring to that. The Government is strongly committed to a private health insurance rebate. I'm not going to respond to other speculation.

JOURNALIST:

Mr Howard farmers today have voiced their opinions about interest rates. Can you just repeat to the rest of the country now what you told them?

PRIME MINISTER:

Well getting interest rates down can do more in the long term to help rural Australia than just about anything else. Lower interest rates and industrial relations reform together will do more to help Australian primary producers than anything else. There can be no doubt. It's the winning double for the Australian bush. Industrial relations reform and lower interest rates. If we can get the Budget deficit down in a big way and we will on Tuesday night then that will make a very big contribution over the medium term to a better interest rate environment. We've already seen a cut in interest rates over the last few months. In the housing area the cut has been one percent. In the general area it's likely to be in the order of half a percent. Now I'm not putting any time horizon on it but obviously if you

have a strong but fair budget, and that's what we will have, that will help the interest rate climate and that is good news with a capital G, not only for the bush but for the whole of the country. Lower interest rates is good news for home buyers, it's good news for farmers, it's good news for small businessmen.

JOURNALIST:

... the waterfront workers are intending to go on strike on Monday to attend a rally in Canberra. What does that say about Australia's export performance and industrial relations system?

PRIME MINISTER:

Well let's wait and see how that materialises. I'm not, sort of, going to give a running commentary on every thing the ACTU leadership said.

JOURNALIST:

What does the Budget have for the bush?

PRIME MINISTER:

A cut in the Budget deficit will lay the foundation for further interest rate cuts and that is very important for the bush. The reaffirmation of the Diesel Fuel Rebate and there are some other particular measures which are important to certain areas of the bush which you can wait for Tuesday night to hear.

JOURNALIST:

... Diesel Rebate but notwithstanding that last week the Education sector was disenchanted, this week those involved with Aboriginal Affairs. What assurance can you give to the rural sector that there won't be something sprung upon them next Tuesday that will cause misgivings out in the bush?

PRIME MINISTER:

I don't think there'll be any misgivings in the bush after they hear the Budget on Tuesday night. We have a very difficult job. We inherited a much bigger deficit than we were told. We have to cut that, but we're going to cut it in a way that is fair and sensible and respects the fact that there are certain of the productive sectors of the economy that if you cut them you cut production and that doesn't help anybody and we've been very careful to craft the Budget in a way that will achieve savings. They've been spread around fairly. We'll be honouring the central commitments we took to the Australian people. The family tax package, the health insurances incentives, the commitments to small business, in a number of areas there are of great benefit to people on the land. If you have a look at the Budget

on Tuesday night you'll find quite a bit in it. It will be of great benefit, not only in a preservation sense and in a long term sense but also in a specific sense for the rural community of Australia.

JOURNALIST:

Prime Minister the people out here are asking for long term low interest loans from the Government are you going to give due consideration to that?

PRIME MINISTER:

Well I've had a lot of things put to me today and I said that I would consider all of them and then respond in an orderly way. You can't give a flick response to things that are put. I'm going to consider them very carefully. The best thing we can do, may I say again on the interest rate front, is to produce an economic climate that is more likely than any other to bring down the whole structure of interest rates. You still have high real interest rates in Australia and it's the great bug bear of primary producers all over this country and if we can strike a blow towards pushing that structure down then people in the bush will have reason to believe, as I'm sure most of them do, that we have a better Government in charge now.

JOURNALIST:

...they're also asking for the drought assistance scheme to be extended so that it covers two years after a drought breaks rather than six months as it now stands. That's surely a worthy request?

PRIME MINISTER:

I think there are a lot of things that have been put today that should be very carefully considered, but I'm not as a matter of, sort of orderly consideration of things, I'm not going to give a flick response to something that has just been presented to me. I think that in a way demeans the quality of the submission and it also demeans the deliberative processes. We are mindful of the problem of the people who are in drought, we're mindful of the problem of the people who just come out of drought but don't have any cash flow. We understand that and we're looking at it and we'll look at the submissions that have been put today. I want to remind you that as a result of drought relief measures that are already in operation there have been very large amounts of money made available. But it's one of those areas that you have to always keep looking at.

SHELDON:

Could I say on that, the State Government is working on a package that we'll be taking to the Federal Government, myself and Mr Borbidge, we'll get an appointment with Mr Howard about restructuring how we look at our rural debt over a three to five year period

and there'll be a number of propositions put in that. We do need to have something that is not so short term because a lot of people now have totally run out of any ready cash. They have to have some help from the Government to be able to get long term loans from the banks to make them more viable. So we are looking at a range of these initiatives. We're looking at infrastructure, at crops, at productivity, at how we can restock the land and I think that we'll be taking that submission to Mr Howard and asking him to give it critical appraisal and to give us some help.

BENSCHER:

I might interrupt there, I might as Mr Anderson the Federal Minister for Primary Industries just to outline some of the announcement he was going to today.

ANDERSON:

All right, well can I just re-emphasise what the Prime Minister has said. You right? Look I want to begin in a very frank way by reinforcing the importance of what the Prime Minister has just said. We've just seen a half a per cent cut in interest rates. I can now tell you that to my great delight it appears that all banks have passed it on and for the rural sector alone that with our current level of indebtedness is worth around \$90 million a year. That will give you a bit of a feel for how important it is to get interest rates down, not just for drought affected rural Australia, but for the whole of rural Australia. There is nothing more important than the financial area that the new Government can do. In relation to the various proposals and submissions that are coming forward I do indicate again that I'm about to announce a major review of the RAS Scheme and that we will have all of these submissions put forward in good faith to the very eminent and capable people, including Queenslanders, who will be overseeing that review process. Having said that could I indicate that Trevor Perrett and I are announcing here today a package of measures to which his Government and the Commonwealth Government have each contributed around \$2.6 million for regional drought initiatives. There are some 20 of them around Queensland which we'll enjoy funding. They are community driven and will involve land care groups at a practical on ground level for their facilitation and implementation, they're all practical programmes that will help with the recovery process, help with the environmental aspects of drought recovery as well as the economic aspects. And with that said I'd just like to say Trevor I think they're very worthwhile. We can give you the full written details in a moment. It's a total package of a little over \$5.2 million and will make a difference. I take the opportunity to remind people who are worried about what we're going to do in the bush, that we have a historic package for land care, sustainable agriculture and the environment involving some \$1 billion in a five year programme. We desperately need that through the Senate, desperately need to be able to put it in place because it contains within itself objectives which are critically important to rural Australia today, rural Australia in the future and all of us who depend on our land to feed, clothe and house us and our children. So it's very important I think that we get that message out. This is, if you like, a foretaste of the sort of initiatives we can put in place that will make a huge difference if we can only have the cooperation of those in the Senate who

purport to be Green and concerned about these things but at the moment seem to have reservations about, what I regard, is a very sound policy objectives that we've set for implementing the approach.

JOURNALIST:

Mr Anderson in better times this is good sheep country. Are you prepared to say that your personal view is on restructuring stock piles in the lead up to the debate before the round table on August 30th?

ANDERSON:

Gerry, I'm prepared to say that I actually believe that the wool industry is now pulling together with a concerted voice in a way that is absolutely tremendous, that I really welcome and I think they're getting towards something that is very practical and matches very much with the way that I think we should go.

JOURNALIST:

But you're not prepared to say what your personal view is?

ANDERSON:

I'm indicating that I think we're getting very close to the point where they mesh and I think that's good news and I really look forward to a resurgent wool industry built on vision and passion and direction set by the industry itself. I really believe that it's an industry that can best take control of it's own destiny. Our job as a Government is to provide the frame work that delivers the capability to the industry as quickly as possible for it to take control of its own affairs.

JOURNALIST:

What about low interest rates for restocking after this drought?

ANDERSON:

Let me make the essential point that I make again. What we've got to do is get interest rates down for everybody. Now there are interest rate assistance packages already available and they're not about to be phased out, certainly in the current circumstances that we're looking here. So those assistance mechanism are now in place and of course in terms of the submissions coming forward, yes I'll feed them through in good faith to the rural assistance review community.

PERRETT:

It's absolutely paramount that we do get that recovery after the drought has broken and of course in the livestock industries it does take so much longer because not only do they have to borrow to restock ... from those stock and get them to a saleable stage. So that's very important and I'm sure that the fact that Mr Anderson and the Prime Minister has accepted the invitation of the Queensland Government to be with us here today indicates that they are prepared to do something genuine for us.

ANDERSON:

There's another point here that I'd really like to make to all urban Australians. Here we are in a landscape devastated by drought, but the people here are very concerned to look after their environment. They understand this land, they know how to de-stock it and how to look after it so that it will recover in the best possible condition when drought breaking rains come. I draw from that a conclusion that is very important indeed. We need to keep these areas profitable so that people can survive here, earn a living here, look after the land and those who are concerned about the environment I think need to really be encouraged by the concern that people out here show for the area that they live in and the fragile natural ecology of the area.

JOURNALIST:

Mr Anderson, when you're talking about ... (inaudible)...

ANDERSON:

No I simply make the point that this is a package of regional initiatives, it pales into insignificance beside the overall funding assistance that we're providing. In fact, the new Government has just found another \$90 million, as you know, in tough budgetary circumstances, to continue drought exceptional circumstances and there are in this state some five or six thousand farm families that are receiving very considerable assistance indeed. This simply relates to a number of creative and innovative local projects which will be kicked along assisted at local level by this funding.

JOURNALIST:

And there'll be more good news in the Budget?

ANDERSON:

Well I believe that the Budget is a very sound document, yes. But I do say this, that in the end to really get the good news going for land care and for sustainable agriculture we need that Telstra package through the Senate.

Ends