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**PRIME MINISTER**

**TRANSCRIPT OF THE PRIME MINISTER  
THE HON JOHN HOWARD MP  
INTERVIEW WITH PAUL BEVAN - RADIO 2NC  
NEWCASTLE**

**17 July 1997**

E & OE .....

**BEVAN:**

Prime Minister welcome.

**PRIME MINISTER:**

Good morning Paul, very nice to be here.

**BEVAN:**

I understand you're happy to take calls from our listeners.

**PRIME MINISTER:**

I am.

**BEVAN:**

And so we're inviting people to give us a call now on 22 1233. I think ..(inaudible)...you've been here yesterday obviously, and it's shown you the people in Newcastle are looking ahead optimistically. Were you actually surprised at the confidence here?

**PRIME MINISTER:**

Not entirely because I know the Hunter and Newcastle quite well and I know its resilience and fighting spirit. It is important though that the rest of Australia understand that the Hunter's got an enormous amount of fight left in it and while the BHP announcement was a blow this area's had blows before and it's fought back and it will fight back from this and it will emerge better and stronger than ever. And the thing that heartened me most yesterday whether in talking to the unions or the company or the community leaders was the spirit of optimism, the desire to plan and think and talk beyond the BHP phase down and the very realistic and cooperative spirit that is emerging. I want to encourage that. I applaud it. And the Federal Government will do all it can to help the process of revitalisation.

The Hunter has a lot going for it. It's a more diverse, potentially richer and a more multi-faceted area from a business point of view than many other regions of Australia. And for that reason people should be optimistic. And I'm disappointed in a sense that the rest of Australia has an inappropriately negative view about what's happening here.

**BEVAN:**

(Inaudible)

**PRIME MINISTER:**

Well, maybe it's the way in which things are, dare I say it, reported. It's the way in which things are...

**BEVAN:**

To a large extent the message that's been going out to the country weren't from the actual...

**PRIME MINISTER:**

I don't want to sound insensitive to the fact that people are going to lose their jobs. I don't want to sound in any way...and I'm not and I know what manufacturing industry means to Newcastle. I know what the steel industry has meant to this city. It's been the bread and butter...

**BEVAN:**

It has been...not...

**PRIME MINISTER:**

Not any more. And that's not to denigrate the ongoing investment of BHP in the activities that are going to continue and they are quite substantial. And it's wrong to say that BHP's leaving the town, that's utterly wrong. But obviously the steel making part of it is going to change forever. There are new industries that can open.

**BEVAN:**

Well, yesterday we learned that there's a firm plan for a new mini-mill that would completely absolve the BHP job losses here. How can you help us to get Ausfield to choose Newcastle for its preferred...?

**PRIME MINISTER:**

Well, that's being examined right at the moment, that proposal by the Parliamentary Steel Committee. And it received a proposal in June that is being examined. And you say how can you help - well, the proposal has got to be carefully examined. You get a lot of proposals and you've got to find out what assistance is being sought from government, how feasible these proposals are.

**BEVAN:**

It certainly does seem well developed though.

**PRIME MINISTER:**

Well, yes. And I'm not saying it's not a goer, I have to suspend judgement. I mean, you get a proposal

like that it has to be submitted to proper examination and it will be. And I can say this, that if there is a viable project for steel production in this city, in this region, then obviously within reason we'll want to facilitate and support it.

**BEVAN:**

How can you do that?

**PRIME MINISTER:**

Well, there are all sorts of different ways but, Paul, it's too early for me to say well, we're going to do this and this and this, I mean, while the thing is still being examined.

**BEVAN:**

Although given that steel is so vital, the steel industry is so vital, if we're going to have a vital manufacturing base in Australia, isn't there a role for the Government and you as Prime Minister to be out there going yes, we need this, dragging it in rather than saying, yeah, okay, we'll wait for the submissions to come through?

**PRIME MINISTER:**

No, no, no, no, that's...it's wrong to categorise us as waiting. Of course if there is a proper role for the Government then we will discharge that role. But the point I'm making to you is that this particular proposal is being examined at the moment and when that examination is completed then we'll be in a position to respond.

**BEVAN:**

So you don't have an armoury of strategies up your sleeve that can go yes, if this comes along this is...(inaudible)...?

**PRIME MINISTER:**

What happens with any investment is that in the first instance you have to have people who are willing to put funds up for it. I mean, it is not the role of the Government to start an investment. It is the role of the Government to perhaps facilitate...

**BEVAN:**

How though, how?

**PRIME MINISTER:**

Well, there are different ways depending on the character of the investment and whether the project is judged as a goer. I mean, if I went around giving a tick to every proposal that was mailed into the Government, the country would be bankrupt within 12 months. Because governments are always getting proposals put to them and before I, as Prime Minister, can commit the funds of the Australian taxpayer or the resources of the Australian Government to a particular proposal I've got to be satisfied it's a goer, haven't I. You'd shoot me otherwise. Quite rightly too.

**BEVAN:**

One of the suggestions that's been put forward is for a foreign trade zone which could happen at the steel river site that BHP's freed up. How far advanced are the discussions on that? Has it gone to Cabinet level yet?

**PRIME MINISTER:**

There have been some discussions and there'll be a further discussion on it in a few weeks time. It involves something, although it's related to the Newcastle issue it is separate from Newcastle in the sense that you can't just say well it's part of a response to the Hunter Valley's challenges and as part of providing a better future for the Hunter Valley we're going to agree to this and pretend that it doesn't have ramifications in other parts of Australia.

**BEVAN:**

You could also trial it, see how best...

**PRIME MINISTER:**

Well, there are some constitutional difficulties in relation to that. There's a clause in the Constitution that says that you cannot, in effect, it says you cannot levy any kind of tax or revenue impost in a way that discriminates between different areas of Australia or between the States.

**BEVAN:**

So it means that you have to start them all simultaneously then?

**PRIME MINISTER:**

Well, there are various interpretations and the lawyers at the moment are sorting out which is the preferred interpretation. But I'm simply flagging to you that this is one of the considerations that we have to bear in mind and which makes Australia a little different because of its federal constitutional structure from other parts of the world.

**BEVAN:**

Constitutional issues aside - do you think it's a good idea, do you think it would work?

**PRIME MINISTER:**

Well, I can't put constitutional issues aside. That's a, may I say, is a completely hypothetical question. I mean, it's just not realistic for somebody in my position to say well, look, we'll forget about that and...

**BEVAN:**

But assuming it did happen in other States too?

**PRIME MINISTER:**

Well, they're another consideration. But look, it is being considered. I'm not going to give an answer this morning.

**BEVAN:**

Has it gone to Cabinet?

**PRIME MINISTER:**

The issue has been considered by the Government and there will be a further consideration of it soon.

**BEVAN:**

Yesterday you announced the taskforce that is going to handle the strategy or come up with a strategy for Newcastle...

**PRIME MINISTER:**

The taskforce is chaired by Mr Chenery and Mr Rudd.

**BEVAN:**

Yes, that's right...

**PRIME MINISTER:**

Yes, and that is really designed to advise me on the social and human and welfare dimensions of the change that is occurring in the region. It obviously is not precluded from talking about the economics but its main dimension is meant to be a social, human dimension because the capacity of a community to cope with this kind of change and this kind of shock to the system is a very important element of the Government's response. The adequacy of governments and community sector resources to deal with the impact of that change on peoples lives, that's a very important element of the response and while there's no limitation on the brief of the committee, its principle role is to sound...is to act as a sounding board in relation to the community's social and human impact of the change.

**BEVAN:**

It occurred to me there are representatives on the taskforce from all sorts of different areas, but we've already got a number of groups here. They've...(inaudible)...a development board, an economic development council, there's the Hunter Regional Development Organisation.

**PRIME MINISTER:**

All of those are the economic business ones, this is quite different. What makes this different is that it's focussing on the human, social and community impact of the change.

**BEVAN:**

We do have a lot of committees though, don't we?

**PRIME MINISTER:**

Well, that in itself is not a bad thing if each of them has a valuable positive role. And all of the ones that you named are business development economic groups. This is a community group and it is important, when something like this happens, for governments and the rest of the country to understand that there is a human dimension, it puts a strain on peoples' lives, their family lives, it puts a strain on the resources that are available to help people in relation to the stress that that causes. And

I don't think it's a bad thing at all to acknowledge that and to have a group of people in the community who are willing to help. I mean, we're constantly told that governments are just bean counters, aren't we? We're constantly told that the only thing we worry about are the dollars and cents and the bottomline. Now, this is a non-bottomline committee. This is a committee which is concerned about the human side and I think it's a very important concern. And I want the people of the region to understand that the Government looks at what is occurring in, not only in economic and employment terms but also in human terms.

**BEVAN:**

Speaking of the human terms and what motivates different people, Bob Hawke's come out as an unexpected ally yesterday of the Coalition Government. What's motivating him there?

**PRIME MINISTER:**

Well, I'll be charitable but I would like to believe a true love of democracy. (Inaudible)...

**BEVAN:**

What the former Prime Minister ....?

**PRIME MINISTER:**

I can only take the man at his word and what he's said is that he doesn't like our industrial relations policy, he doesn't agree with it. But the Australian people voted for it and the trade union movement and the Labor Party should accept the verdict of the Australian people and stop trying to obstruct the implementation of a policy for which we have a clear mandate. That's really what that ought to say. And he's absolutely right because we wouldn't have been an issue - but I talked about law in the 10 years prior to my becoming Prime Minister on the issue of industrial relations reform and the changes that we have made will transform the industrial relations scene in Australia for the better. It will take time for the full benefit of those changes to work their way through. They've only been in operation for a few months but they are major changes and they do give people greater choice. They prohibit forever compulsory unionism.

**BEVAN:**

There's a lot of focus on the local area at the moment and of course we have Rio Tinto's dispute at Hunter Valley No. 1 happening right here, playing out exactly those concerns.

**PRIME MINISTER:**

... you've got CFMEU's dispute with Rio Tinto... (inaudible)...

**BEVAN:**

...accurate, isn't it? It could have taken a significant step yesterday towards a resolution. Do you think Rio Tinto should be negotiating with the union that's on strike?

**PRIME MINISTER:**

I think both sides should be observing the new law. That's what I think should be happening. And the step that's either side in that dispute is trying to frustrate the goals and the objectives of the new law which has been approved by Parliament, supported by the Australian people and accepted as the will

of the Australian people by a former Labor Prime Minister and former President of the ACTU. I mean, it's a very interesting trifecta. I simply say that the law should be allowed to run its course. However...

**BEVAN:**

(inaudible)...both going to have to worked through...

**PRIME MINISTER:**

Well, I...(inaudible)

**BEVAN:**

...working through it...(inaudible)

**PRIME MINISTER:**

We shall wait and see. But the point that should be understood about the new law is that it is perfectly proper under the law, the new law, the Hawke acknowledged, publicly supported law, is perfectly proper under that law for the company to offer individual contracts. Individual contracts involve pay rises, I understand, of \$150 a week...

**BEVAN:**

...(inaudible)...an issue.

**PRIME MINISTER:**

No, no, look, hang on...(inaudible)...that the union, some of the union leaders and Kim Beazley have been saying this is a fight for the basic living standards and working conditions of the miners of Australia, it's not. The one thing that is not in dispute is the fact that the miners will all remunerate and properly so, it's a dangerous job and I've never denied the danger and the difficulty involved in mining in Australia. They are all remunerated. The company has offered them significant increases so we're not talking here about the whittling away of living standards, we're talking here about the right of the company to take ordinary management decisions...(inaudible)...seniority and all those sorts of things. Any other company has the right to do those things. And what the company is wishing to do is to do that and they are allowed under the new law...

**BEVAN:**

And they could well do it, they could well do it as long as they can resolve the dispute...

**PRIME MINISTER:**

Well, we'll see how...

**BEVAN:**

(Inaudible)... do you reckon they should be negotiating...?

**PRIME MINISTER:**

I simply say that the new law should be allowed to run its course.

**BEVAN:**

You don't have a role in brokering a peace...?

**PRIME MINISTER:**

Look, governments shouldn't see themselves as being able to solve every individual dispute between...

**BEVAN:**

...landmark one...

**PRIME MINISTER:**

As far as every individual dispute between ..(inaudible).. it is a landmark one. It is a very important dispute and my view and the view of the Government is that the new laws should be allowed to run its course and both sides of the dispute should obey the law.

Now, if both sides of the dispute obey the law you will have a very good outcome, you will have a settlement and you will have a situation where the miners are better off and the company is able to run the mine and I think that would be a win for Australia. But I do have to say that the action of the mining union in writing to customers or suggesting..(inaudible).. to get their supplies was to say the least very unhelpful and not in the interests of Australia and I am amazed that Kim Beazley should have associated himself with that. I notice Bob Hawke is not gun shy.

**BEVAN:**

Prime Minister, we have opened the lines and asked people to give us a call, let's take a few of those calls if you wouldn't mind putting your headphones on.

**CALLER :**

Mr Howard, I'd like to ask you if it is possible to switch some of the Navy's installations in Sydney up to Newcastle to alleviate the unemployment problem. Now you have got very large ship repair facilities in Garden Island sitting on a very large and valuable piece of real estate, you've got HMAS Penguin at Balmoral, you've got HMAS ..(inaudible).. at Kirribilli, and you've got HMAS Watson at Watson's Bay and also you have at your electorate at Hunters Hill on a pretty valuable piece of property at Park Point, you've got a .. (inaudible) there with army .... It seems to me that if you switch some of these installations up to Newcastle you would create some jobs which the town urgently needs.

**PRIME MINISTER:**

Well, some of those installations are earmarked for ...(inaudible).. to other parts of Australia at present. I will examine what you have point, just on the run I can't say that you can always have a neat fit between an existing defence location and an area that might particularly benefit from the relocation where there could be another part of Australia which from a defence point of view is more suitable and one of the considerations about moving things out of Sydney particularly naval capacity has been to send some of it to Western Australia because for a long time Western Australia felt as though all the naval capacity was located on the Eastern Seaboard. And, of course you don't achieve that objective if you ...(inaudible) ...something from Sydney to Newcastle.



You've mentioned the army installation in my electorate and I don't think the time is to use resources that might come from the shifting of that to provide for new resources for the army in Townsville. It's an interesting suggestion and I'll examine it and I don't dismiss it. It is an interesting suggestion.

**BEVAN:**

Okay, Ron thank you for your call.

**CALLER:**

Thank you very much Mr Howard.

**BEVAN:**

The number to call is 1800 025 955 it's 8.55 am on 2NC, taking another call from Mervin. Hi Mervin!

**CALLER:**

Good morning Prime Minister and welcome to Newcastle.

**PRIME MINISTER:**

Thank you very much.

**CALLER:**

I rather agree with the sale of gold bullion because it is not earning interest where it is but I am somewhat appalled at the two thirds of that, from my understanding, and I would of thought it may have been better invested in infrastructure in Australia. Having due regard to the tremendous development people from Northern Australia and the Orde River scheme, fresh fruit and vegetable etc. to South East Asia. There is a tremendous amount of infrastructure that needs development and I would of thought at least the interest of this should be earmarked for the infrastructure Australia.

**PRIME MINISTER:**

You are talking really here about the reserves of the Reserve Bank in gold and foreign exchange that has been built up over a period of time and it is necessary for the central bank of any country to have a certain portfolio of investment in foreign currencies to preserve its capacity to handle foreign exchange transactions, so it is just not possible, for that reason, for the central bank of any country to be without holdings of foreign exchange.

**BEVAN:**

Thank you for your call. I don't know if you have had a chance to catch the *Sydney Morning Herald* this morning. Hugh Morgan, the Managing Director of one of Australia's largest gold mining companies did not absent himself from the Reserve Bank Board discussions late last year about those gold reserves. Is that a conflict of interest, should he have absented himself?

**PRIME MINISTER:**

Well, the Reserve Bank Board is an independent Board, we don't run it...in fact...

**BEVAN:**

..(inaudible)..

**PRIME MINISTER:**

Hang on. The Reserve Bank Board, is an independent board and makes quite a thing about that. I don't know what happened at the Reserve Bank Board meeting and I do think that any public comment on that should be dealt with by the Governor of the Reserve Bank because it does operate independently. I had no idea at all because I wasn't present at the meeting. I am simply not going to comment on a hypothetical question. If people want to know what happened and what the rules are for the Board of the Reserve Bank I would encourage them to inquire with the Governor of the Reserve Bank.

The Governor of the Reserve Bank chairs meetings of the Board of the Reserve Bank and the Governor and the members of the Board are responsible for the conduct of meetings, the Government is not. I am simply not in a position because I wasn't at the meeting, I haven't been briefed about it, but I can say is that if people have an inquiries I will be making some inquiries to inform myself but as of now I can't tell you any more than what is in the paper and I would encourage people who are interested to speak to Mr MacFarlane, the Governor of the Reserve Bank because he is responsible at the end of the day for the conduct of Board meetings.

**BEVAN:**

Let's take another call, David from Warren. Hello David!

**CALLER:**

Hello.

**BEVAN:**

What would you like to ask the Prime Minister?

**CALLER:**

I'd just like to say to the Prime Minister Mr Howard, thank you very much for visiting our region. Newcastle usually doesn't get visits from Prime Ministers and I really appreciate him coming to our region and trying to understand the problems of it and I am sure as the Prime Minister of this country he is very proud to be in that position when he sees the spirit the Novacastrian has.

**PRIME MINISTER:**

Well thank you, I appreciate that. I think the Novacastrians have got a tremendous spirit. I have been travelling to this district a lot over the years..

**BEVAN:**

.. for holidays..

**PRIME MINISTER:**

Holidays, yes. I've been going to Hawks Nest for 17 years on the trot with my family and I have other connections with the region, so I am not a stranger to this district and I'm very pleased that I've been

able to pay an extended visit to the Hunter as Prime Minister and I have learnt a lot and it's reconfirmed and reaffirmed my confidence in the fighting spirit and the optimistic mood of the people in this area.

**BEVAN:**

Thanks for your call David. And, Paul's in the line, hello Paul!

**CALLER:**

I have this question, Is it true Prime Minister that your father was a tradesman?

**PRIME MINISTER:**

My father was apprenticed as a fitter and turner with the CSR sugar mill company and then subsequently after the First World War he and his father established a motor garage in the inner suburbs of Sydney.

**BEVAN:**

Have you got an actual question left for the Prime Minister, Phillip?

**CALLER:**

A general question about more specific statistics... I found out yesterday that 30% of the Newcastle people, their incomes are less than \$15,000 which is astounding when the average for the state is something like 40 something. But, regarding government grants from that, Newcastle people feel that with all the welfare ...(inaudible)...coal exports, they've deprived ...in Canberra, the ivory tower...(inaudible)....

**PRIME MINISTER:**

Well, perhaps if the people of Newcastle feel they've ever been politically taken for granted in the past can I just very quietly say, with respect it is probably my political opponents who should be taken to task over that because most of the seats in this area, until fairly recently, have been held by the Labor party. But, can I just say that I don't think the area is discriminated against by Canberra as such, or indeed by the other capital cities. I mean you sell coal, you sell any product, it benefits the nation that it provides jobs in the region where the coal is mined and exported and that really takes us back to the coal dispute going on at the moment. I mean, the thing that troubles me most about that dispute is that it could reduce jobs and it could reduce income for the area and I don't want to see that happen because it is a very valuable resource for the Hunter and I'm very keen that there be more jobs and not fewer jobs in the district.

**CALLER:**

If Newcastle got the same money spent like Canberra and Sydney we might be better off.

**PRIME MINISTER:**

Well, it's sort of ...(inaudible)..it doesn't work that way in the sense that when you've got an industry in the district and you sell something and then the profits from the sale of that employs the people in the district and the money that's spent automatically by those employees in the district. Now, there are parts of Sydney that are very wealthy and wealthier than Newcastle. There are also areas of Sydney

that are much poorer and where the incomes are quite low. It depends entirely where you are. With a city as big as Sydney, there is an enormous variation in income wealth, enormous variation.

**BEVAN:**

A call from Bruce, Good morning Bruce!

**CALLER:**

Good morning Paul. Mr Prime Minister, a question for you...(inaudible).. we seem to have a lot of unemployment callers saying socialisation back to big cities.. with Telstra and what's happening there and Newcastle is loosing hundreds jobs...(inaudible).. I just want to know what your policy is for this...(inaudible)..trying to get employment back to country towns and in particular Newcastle. What is going to happen with all these jobs that are disappearing?

**PRIME MINISTER:**

Well I know that there are examples and you have created one with people who have been moved to the big cities. But one of the very promising things about the telecommunications revolution is that that has potential to shift jobs to regional areas through this capacity to transmit information instantaneously anywhere around the world.

**CALLER:**

How does that work?

**PRIME MINISTER:**

Well it can work for the benefit of regional areas because if you can put things online it means that you can process something in a regional area and you don't have to process it in the capital cities. And I actually believe that as time goes by the communications revolution, the information explosion will benefit regional areas. And we, for example, are investing \$250 million in a telecommunications infrastructure fund over the next five years and that is going to spread the availability of online information and all the information technology that is available (inaudible) to people in regional and rural areas. They will become one of the most information endowed communities in the world as a result of that telecommunications fund. So I think down the track we're actually going to see potentially a reversal of the process of which you've spoken. And if you look at the population trends over New South Wales, for example, over the last 15 or 20 years there has been a relative build up of people in the coastal areas as opposed to people in the cities.

**CALLER:**

(Inaudible)...how can you reverse that trend at the moment which is ... unemployment...

**PRIME MINISTER:**

Well, what you can do, you reverse it by making certain that people who live in regional or rural areas have the same access to information technology as people who live in the cities. And if you do that then there will be a natural process of reversal.

**BEVAN:**

Bruce, we'll leave your call at that point. We still have a number of calls online Prime Minister and

your adviser's telling me via my screen that you may have an amount of time after the news. Would you mind staying?

**PRIME MINISTER:**

No, I'd be delighted.

(NEWS BREAK)

**BEVAN:**

Thank you for remaining with us Mr Howard. We've still got a bowl full of people who are very keen to talk to you. We'll take another call first up and it's Malcolm. Hi Malcolm.

**CALLER:**

Hello Mr Howard.

**PRIME MINISTER:**

Good morning.

**CALLER:**

Welcome to Newcastle.

**PRIME MINISTER:**

Thank you.

**CALLER:**

Mr Howard, in view of some of the travel claims by MPs, what steps with the Government take to curtail what could be described as creative accounting?

**PRIME MINISTER:**

Well, we have made it very plain that if anybody breaks the law that law will be allowed to run its full course and matters will be referred to the police. We are tightening up the accounting procedures to ensure that if any fraud occurs in the future it will be detected earlier. Let me remind you that if anybody makes a fraudulent claim and that person is successfully prosecuted then there are criminal penalties and they are treated like any other section of the community, no favours are bestowed. I mean, I point out that since I've been in power, where allegations have been made and they're properly based, they've been referred without political interference to the police. I can't say any more than that. The law is running its course. People who've been charged are entitled to a presumption of innocence whether they be Mal Colston or Carmen Lawrence. And I can't comment on the character of the charges, I can simply assure you that the ordinary criminal law of Australia is being allowed to run its course in relation to these matters. And on top of that the Government has taken a number of quite significant steps to tighten the procedures.

**CALLER:**

Thank you very much and have an enjoyable visit.

**BEVAN:**

Thanks Malcolm. Are you worried by the increasing number of people who are being charged over this - we're up to five now?

**PRIME MINISTER:**

I can't, in a sense, comment about that without sort of getting into the danger zone of sounding as though I'm talking about the individual things. I have to say in defence of colleagues on both sides of the House that the great overwhelming or 99% bulk of the members of Parliament on both sides are hardworking, diligent and honest. And it's very unfair when the potential behaviour of some puts that in doubt. Now, I can't really say any more because I then start to breach the proper injunction against commenting on matters that are in the hands of the police or before the court. But I do feel necessary to speak out on behalf of the great bulk of my colleagues, Labor, Liberal and National Party, Independent and Democrat, who are very hardworking, honest people.

**BEVAN:**

We'll take another call - Joan, hello.

**CALLER:**

Good morning. Good morning Mr Howard.

**PRIME MINISTER:**

Good morning.

**PRIME MINISTER:**

Mr Howard, it really distresses me as an ordinary housewife when I go shopping it is so difficult to buy Australian made.

**BEVAN:**

So is your question what can the Prime Minister do about it?

**CALLER:**

Yes, well, why have we got so many products from overseas and nothing on the shelves from us?

**PRIME MINISTER:**

That's not an easy question to answer, but let me try. We are a great trading nation. We export to survive. We live in a shrinking world. If we want say, for example, the people of Hong Kong to buy our fresh milk on a daily basis, if we want our biggest export into the United Kingdom to be wine, I have to say predominantly at the moment from the wine growing districts of South Australia rather than the Hunter, but the point is still made, if we want the capacity to sell sophisticated manufacturing equipment into South East Asia, if we want to sell beef into Japan and potentially Taiwan, if we want to do all of these things then we have to take things in return.

Now, if we want Japan to be one of...a huge customer of our coal, if we want to build markets in

Indonesia for sophisticated manufacturing equipment then we have to accept that in return countries will want to sell things to us. And if we imagine for a moment that we can live in a world where we put the shutters down on imports but we expect other people to take our exports then we're kidding ourselves. Now, in the long run when you've only got 18 million people the future lies in exports.

**BEVAN:**

Aren't most of those countries that are sending stuff to us getting government assistance to do so?

**PRIME MINISTER:**

Well, some of them are and some of them aren't. It depends. Some of it is simply due to the fact that wage costs in those countries are so much lower. Now, it's a very, very difficult balance and I don't pretend it's easy...I mean, we took a decision on the motorcar industry a couple of months ago which was widely applauded because it struck the right balance between continuing down the path of trade liberalisation but not going so fast that you put investment at risk. And the return was a commitment from the motorcar companies to invest \$4 - 6 billion worth, 5 000 - 10 000 jobs, in the motorcar industry. Now, we'll continue to take sensible balanced decisions in the industry area.

**BEVAN:**

Is that a sign of a turnaround in attitude or is it a one off thing?

**PRIME MINISTER:**

Well no, I have always been somebody who believes where you can with advantage you further liberalise trade but you make sure you get something in return when you do it and you also apply a national interest test to every decision. And my one obligation as Prime Minister when taking these industry decisions is what is in the best interests of Australia. And the best interests of Australia can go beyond the immediate concerns of the industry which is being considered at the time. It can also include the overall impact of that decision on the trading patterns of the country.

**BEVAN:**

Joan, thank you for your call.

**CALLER:**

Okay, bye bye.

**BEVAN:**

A similar topic now from Neil. Hello Neil.

**CALLER:**

Good morning Prime Minister.

**PRIME MINISTER:**

Good morning.

**CALLER:**

How are you?

**PRIME MINISTER:**

Very well.

**CALLER:**

I manufacture overseas at the moment.

**PRIME MINISTER:**

Whereabouts?

**CALLER:**

Over in China, over in Hong Kong. And what worries me so much is - as patriotic as I am - I wanted to get this particular product made in Australia yet it was almost impossible because it's the retail price that determines if the product succeeds or not and had I had it done in Australia it was impossible for this product to be sold. Now it is not only me, it is hundreds of people like me who are going out of the country, and it worries me because of the way that our country is going with our balance of trade and so on.

**PRIME MINISTER:**

But why couldn't you... what were the factors that pushed that unrealistic retail price?

**CALLER:**

Well we priced it in Australia and...

**PRIME MINISTER:**

And it was just too expensive.

**CALLER:**

It was just miles too expensive.

**PRIME MINISTER:**

How much did it cost? What sort of product?

**CALLER:**

Just on some rubber, some rubber for example, we get some mats made over in China and just the finished product in China was actually cheaper than the raw materials that we could buy in Australia.

**PRIME MINISTER:**

The raw material costs as well as the labour costs were part of the problem.



**CALLER:**

Well but it's frightening, and I don't know, and it is not only me. It's like, as I said before, a lot of people like me, we are just losing so much technology and so much product out of Australia, and we are just buying it back because everything that we make comes back into Australia.

**PRIME MINISTER:**

Well, I understand that concern and there are some things where we don't have any kind of natural advantage. I have long believed that what we should try and do in this country is focus on those things and assist those things where we do have a natural advantage. Now, we ought to have a natural advantage in things where there is a cheap source of supply of raw materials in Australia. We will always find it hard to have a natural advantage where there's a high labour component and we are competing against a low wage country like China, but bear in mind even on the wages front the situation now is not as bad as it was a few years ago in that many of the countries that were once low wage countries are now high wage countries. Our wage costs for example in the service sector are now better than countries like Singapore. I was talking to people in the financial community in New York a few weeks ago and they said establishing regional operations in countries like Singapore are becoming increasingly expensive and that Australia is seen as a better location. Now that's not an answer to you as a manufacturer but I'm trying to make a point that there are some things where we have an inherent disadvantage and that is - when you are competing against a low wage country like China it is very very difficult to understand that and that is honestly something that government's have got to bear in mind when they take industry policy decisions.

**BEVAN:**

Neil thank you for your call.

Prime Minister we've got thirty seconds left and we've still got a board full of calls. Obviously there are a lot of people who want to have the opportunity of bouncing things off you. Any more frequent visits..?

**PRIME MINISTER:**

Oh well I'll certainly come again during my first term, I'll have to come more than once. I like coming to this place. I really have been quite encouraged by the spirit of the community. I compliment, and I say again to the rest of Australia, all this negative talk about Newcastle is misplaced. It's had a knock and people will suffer as a result of that decision but there is a cooperative spirit between the company and its workforce. There is a tremendous community commitment to live beyond this reversal, there is life beyond the BHP steel making decision. There's a lot of diversity, there's a lot of resilience and there's a lot of potential and there's a lot of character about the Hunter Valley region.

**BEVAN:**

Without going over all the pros and cons of coming here and it's three months and all that sort of stuff, is it such a big deal to get out into the regions. Is it such a big deal to get out in the regions...?

**PRIME MINISTER:**

I do it often. Last week I was in Townsville and this week I've been in the Hunter..

**BEVAN:**

Are you happy to with the frequency of getting out of Canberra?

**PRIME MINISTER:**

Well, I do it very regularly...

**BEVAN:**

I suppose you spend a lot of time in Sydney of course.

**PRIME MINISTER:**

I divide my time half and half. Let me say of the time when I'm not on the road I would spend a little under half of it in Canberra and a little over half of it in Sydney. And I don't apologise for that. I actually think it's a good thing.

**BEVAN:**

Getting back to the regions.

**PRIME MINISTER:**

I think getting back to the regions is a very important element of it. We had a Cabinet meeting in Townsville last week, we have a Cabinet meeting in Tweed Heads next week, we've got Cabinet meetings all over Australia and by the time our first three years is up we will have had Cabinet meetings in every state capital and in a dozen or more regional centres around Australia. Now, there won't have been a Federal Cabinet in the history of this country which has taken itself to the regions and to the people of Australia more than this one has done. And it is is a very important thing to do. I mean, I don't regard it as just some kind of thing you do at election time. I mean we are a long way from elections, we are only half way through our term and I am undertaking a deliberate pattern of visits to regional Australia. It's different. The Hunter Valley is different from Sydney, Melbourne, and Canberra. Far North Queensland is very different from - Heavens above - North Queensland and the South East corner of Queensland and you do need to get around and you do need to talk to local media personalities and to imbibe the local culture and the ambience of the place.

**BEVAN:**

Well, good on you for spending the two days here and we hope it's not too long before we see you again.

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