



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
INTERVIEW WITH PAUL LYNEHAM, THE 7.30 REPORT
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PL: Prime Minister, welcome to the program.

PM: Thank you Paul.

PL: Do you endorse the decision to have the Federal police investigate the leaking of the Department of Finance spending cut options?

PM: The Federal Police go chasing Commonwealth property - generally stolen Commonwealth property - and this is stealth of highly confidential and important Government information.

PL: If the leakers are found, what should happen to them, in your view?

PM: Well they will be handled by the law, or whatever.

PL: Prosecuted?

PM: However it applies.

PL: Peter Costello says you are trying to use the Federal Police to "rough up the Opposition".

PM: Well he would, wouldn't he? I notice he is saying today it's not stolen property - well it's the very essence of stolen property. And if the Opposition wants to handle stolen property, then that's their business. But the more important thing is the way they are handling the issue, and I think what this reveals is that John Howard hasn't changed one jot since the last time he was Opposition Leader - the opportunism.....he is now opposed to interest rate increases, he is opposed to tax increases - revenue rises - he's opposed to spending

cuts. He's opposed to everything that makes for changes and variables in budgets. Yet he knows that getting the nation's budget right is one of the most important thing a Government can do....

PL: Don't Oppositions often do that sort of thing?

PM: Not when you get a second go - a second chance, as Mr Howard has been given - you would think he would say....it's the same opportunism that had him in the eighties - in 87 when we were in the middle of a big structural change and a big fall in commodity prices - say smugly "the times will suit me", in other words I will climb up on the back of public distress - the same opportunism that had him say we should cut the Asian intake, and it's the same opportunism now that says "what I'll do is I actually believe in spending cuts, but I'll try and scare the wits out of everybody who might be a beneficiary, and so I don't".

PL: He's backed totally off that Asian stuff - he said he got that wrong, he's done a big *mea culpa* on that, shouldn't you let that one go?

PM: My claim is not that he is a racist - I don't believe that at all - it's just that he couldn't resist the temptation - the opportunism - of saying when he thought it was palatable, that we should cut the intake. You have got to remember this - it was 20 years since the White Australia Policy had been suspended, he was the only significant national politician to say, in any way, that race should be a factor in the selection of the migration intake. It's just that John Howard was dismissed from the leadership in 1989 - they didn't take him in 1990 - they gave it to John Hewson. In 1993 when Hewson lost, they gave it to Hewson again - they wouldn't have Howard. In fact, they rejected Howard when he ran against him. They then gave it to Alexander Downer. So for 6 years they have said he is not good enough, but now all of a sudden he is all they have. And what does he do? Within 2 weeks of getting the job, back on the old track of opportunism trying to suggest that the Government shouldn't be cutting outlays when it's the very thing he has been enjoining us to do.

PL: He says the leaked material shows you have been hypocritical about the scope for spending cuts, and the sort of cuts that you're prepared to consider.

PM: Well you and I know what a nonsense that is, Paul, because these lists are produced...I mean, I have been a member of this Government for 12 years, and in every year, there is some sort of primary list developed by officials of this variety. But I'll tell you what it does reveal - you notice that there is no big easy....they will notice...you all now know there is no big spending option which says: "waste and duplication - \$5 billion or \$10 billion". All this is about is cutting programs, cutting benefits, and that is what we have said for years - if you want to cut outlays...so when John Howard walks around saying - or Mr Costello - "we should cut \$11-12 billion out of outlays", what

they're saying is we ought to be cutting into these programs. But I'll give you a little tip - a little bet - when the Budget comes down, you know what they will say then? "Wimps. Wimps".....

PL: In a way, they have softened the ground for you?

PM:they're saying "here's all these big spending cuts", they're now saying to people "they might make against you", when in fact the Government has always been very careful about equity. And when the Budget is presented - when we don't take most of those options, they will say "oh, they have wimped out".

PL: But how are you going to meet the imperatives of equity on one hand, and the market on the other, which wants to see that budget deficit down in a hell of a hurry now?

PM: The Government will do, as the Treasurer said Paul, we will...we have got a lot of experience at this. This is our twelfth Budget - we have had 8 May statements - that is 20 major economic statements, and if I put One Nation, and Investing in the Nation, and then Working Nation, then that is about 23 major budgetary-type statements. So we will do the professional job that I think we have always done, but we will get the balance right.

PL: And unless you catch the leaker soon you could have leaks against you much tighter in the budget process when you are making real decisions. That's your big worry there, isn't it?

PM: Mr Howard had the biggest leak of all. His actual budget was leaked. So, this is options not seen by Ministers and not taken by the Cabinet.

PL: But what if we get past the options phase and they are still leaking? That's a real security problem.

PM: Well, it is a problem. The thing I would say to John Howard is it's important for the country that the country gets the budget right. He can make a judgment about it when it is presented but he is back in Opposition and he should do at least one thing right. And that is not run around and make the process harder and spread to the four winds of the media trying to pretend that beneficiaries and the sick and the elderly are somehow going to be preyed upon or their income savagely reduced.

PL: He is having a pretty good honeymoon in the opinion polls today, isn't he? I mean it does suggest, surely, that there is a desire out in the community for a strong alternative to Labor?

PM: Well, it's the honeymoon poll isn't it. Alexander Downer had an even greater margin. By the way, the Sydney Morning Herald had two front page stories on the poll: one ten days ago and one today. The same

story with Mr Downer. It is almost in the same print style and the same words, only the name has changed.

PL: But it may reflect the same desire in the community to see someone who can take the fight up to you.

PM: You have got a new Opposition Leader although one who is well and truly been around before. The Government has had a couple of weeks of difficulties, but let me remind you of this Paul from The Bulletin, "Mr 18 per cent. Why does this man bother?". He got the Opposition approval rating, his approval rating, down to 18 per cent. People should remember, as I said, he tries to pretend Mr Howard, he hasn't a past, the sort of Ronald Biggs of the Liberal Party, you know "I haven't robbed a train. I don't have a past. Here I am in a tropical shirt. It's not really me" It is really him and all the nasties that he supported in the 1980s are going to be back there now: cutting people's wages, individual wage contracts, the works.

PL: Prime Minister against Bob Hawke he campaigned very well in '87. He is going to give you a run for your money.

PM: I gave him the king hit in '87. That was the Box Hill tax package. At the time, of course, he was hopping into me in the Parliament. I passed him in the corridor one day and I said to him in the Parliament, I said, "Well, you know you hurt me with those remarks." He put a list out of all the nasty things I was supposed to have said over twenty years and I said "But I blew you apart back in Box Hill and denied you the Prime Ministership." Fair exchange I would have thought.

PL: Yesterday's violence in the Southeast forests of New South Wales has been widely deplored, not apparently though by Mr Cole Dorber, of the New South Wales Forest Products Association. What is your response?

PM: I thought it was deplorable. People who belt people in the face ought to be charged. And people who encourage them to belt should be charged too.

PL: But if your Ministers hadn't had their own rivalry out there in public and got everyone into fixed positions and got the temperature up so much, surely the whole thing would be a lot more calm and reasonable?

PM: It's not the Ministers, it's the issues.

PL: They handled it well?

PM: If we had a chance of doing this over again, of course, we would. But remember this. The issues are that we've got a diminishing number of stands of native forests. Now what I want is what most Australians want. That is, I want to see the best stands of native forests protected

and yet I want to see a continuation of a sustainable forest products industry. There is a halfway house in there but it isn't with the extremists of the Wilderness Society or trying to pretend there are 800 stands being desecrated which is untrue. There are not 800 stands of pristine trees left off the...

PL: All of the so-called Eco-terrorists sabotaging logging equipment, putting spikes in trees. One can understand a certain amount of frustration on the part of these logging people.

PM: Absolutely, you can understand the frustration. But again, the society we have is one that doesn't condone that sort of violence and to have an industry association condoning it is, I think, pretty pathetic.

PL: Is Kerry Packer testing the Government's resolve on the issue of cross-media ownership with his 16.4 per cent stake in Fairfax?

PM: I have no idea. I didn't know he had 16.4 per cent of Fairfax. I knew he had 15 per cent but if as you say, you're asserting, are you, that he is the one who has bought the stock?

PL: But, he put out a statement?

PM: Oh, did he? I didn't see it.

PL: If the ABA said it was OK for him to have more than 15 per cent, what would the Government say?

PM: Well, the Government would think about it but the ABA has got to make a judgment about this. There is a set of statutes in place called the cross-media rules and they are administered by the ABA.

PL: He reportedly believes he can't be seen to have effective control until his holding gets a bit closer to Conrad Black's and surely that does make sense, doesn't it?

PM: It depends whether he has got Board representation, I think.

PL: There are reports that Conrad Black has told your Government that unless he can lift his stake to 35 per cent, he is off?

PM: Well, not that I know of. Let me say, I have been happily, I might say, above this particular fray.

PL: Thanks for your time.

PM: Good.

Ends