



## **PRIME MINISTER**

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP  
INTERVIEW WITH FRAN KELLY, ABC RADIO "AM" PROGRAM  
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### **E&OE PROOF COPY**

**FK:** Prime Minister, isn't it fair to describe Ian McLachlan's resignation as being over a technical issue because he unwittingly misled the public over the secret Aboriginal women's documents?

**PM:** Well, that's your question to get me started Fran, you couldn't possibly believe that. I mean the documents made up the Commonwealth's entire case file in litigation between the Minister for Aboriginal and Torres Strait Islander Affairs and the developers in this Hindmarsh Bridge case, and an appeal was lodged in the Federal Court in this matter last Friday that included the report on the secret Aboriginal women's evidence. Now, this box was marked confidential, it was then opened, the mail was pilfered and then in another envelope marked for women's eyes only, that was then opened and then another one, inside that was the envelope which had the women's secret advice and evidence. Now, this was then photocopied and sent to the developers, amongst others, and to newspapers.

**FK:** But the secret women's documents weren't sent to the developers?

**PM:** There were 800 documents - 800.

**FK:** Yes, but those ones, those particular ones, and that's the issue that Mr McLachlan resigned over isn't it?

**PM:** Well, Mr McLachlan and Mr Howard should tell us who got the copies of the women's letters, who have received those, but the other thing is this...

**FK:** Well, Mr McLachlan says no-one did, that only one photocopy was held in his office.

PM: He resigned for this reason. That he and John Howard, and John Howard admitted on a radio program in Sydney last week, that he was at the tactics committee. He and John Howard agreed on a series of questions they knew were misleading of the House of Representatives. And they then asked the Minister for Aboriginal Affairs, and charged in the question, that he had opened up the mail, he had done the photocopying and he had sent them around when they knew full well that it was themselves. So, not only is there the dishonour of breaking into this mail which was obviously not for them, but as well as that they then tried to frame a Minister, alleging of the Minister, that he, the Minister, was the photocopier and disseminated information when John Howard and Ian McLachlan knew it was them. Now, this is dishonour on very large scale and to have this sort of smarmy stuff from Costello, I mean, "he's a talent, and I think this will be seen as a technical issue", I mean these people have got the political morals of alley cats.

FK: But, Mr Keating, no matter where you see the dishonour, isn't the truth that, or isn't it reality that Mr McLachlan in fact resigned because he said he misled the Australian public over the markings on that envelope containing the secret women's documents? That's the issue.

PM: He misled the House of Representatives. This stuff about misleading the Australian people, he misled the House of Representatives, and he can't come back as a Shadow Minister and John Howard was party - look, he resigned because he misled the House of Representatives. John Howard sat beside him knowing that the question he was asking, the question that misled the House, was one he approved of. They both misled the House and that's why we ask for Howard's resignation. And here they are a week later, I mean they have got nobody on their front bench, you see the whole Opposition is a shell down there, in Canberra. There's nobody there.

FK: Yes, but why shouldn't he be able to come back at some point though, I mean...

PM: Come off it Fran.

FK: Ministers do this all the time. Senator Graham Richardson was brought back into your Cabinet after he had to step aside over the Marshall Islands affair.

PM: You know what they said, these people, I mean the gall of them. They said they had a duty as an MP, Mr McLachlan said to his constituents, to developers in the Hindmarsh Bridge affair. But was it no less of a duty to his Aboriginal constituents in the same constituency? I mean then they said they had an obligation to pass the information over to these developers. John Howard and Ian McLachlan are not solicitors for the developers, they had no legal obligation - no obligation at all.

And when asked on a Sydney radio, Mr Howard was enjoined by the questioner to say, "well I wouldn't do that if I came across legal documents that were on the other side of the case to me, I would send them back". And Howard said, "would you?". It was John Laws in fact. He said "yes I would". I mean, there's no morality here. But you understand, Fran, their front bench has nobody on it. They are now trying to get McLachlan back because, look, they appointed the other day Kemp to the environment portfolio who now says we shouldn't be using international treaties to protect the environment. They are now down to backbench Senators.

FK: Yes, but Prime Minister, you have to concede that Governments do bring back Ministers who have slipped aside for some reason or other and you have done it yourself?

PM: Yes, Graham Richardson came back after being out the better part of a year after a general election. Not the better part of a week after one of the most dishonourable episodes.

FK: Yes, but Mr Costello was talking about if the Coalition won Government.

PM: They're talking about trying to bring him back beforehand - they're just softening the ground. Ian McLachlan had to resign because he was caught red-handed trying to fit a Minister up for something that he, McLachlan, had done and the great injustice in this is that Howard was in it right up to his ears, admitted that he was at the tactics committee meeting, knew the question that McLachlan was going to ask, was just as culpable of misleading the House of Representatives as McLachlan was, but you see you couldn't get him to resign - he just sat there and sat it out. He thought he would wear the rest of you out and that he could burn you off. And now they are so brazen that he thought he could burn the press gallery off and the media and public opinion off, and now within a week, they are so brazen, within a week, Costello is saying we ought to have him back.

FK: Mr Keating, if I could turn briefly to the economy. The Australian newspaper reports today that your own internal polling is showing the next election could hinge on keeping interest rates down. Can you say now that you can manage the economy without the need for further rate rises?

PM: You have not got to be a polling whiz, have you, to know that people don't like interest rate increases. I mean you don't have to be an insider to work that out. Well, the Government is in the course now of producing the Budget, and the Budget will be a Budget which will be appropriate for the economic circumstances of the moment, and for the medium term. We have got a medium term paucity in savings - we want to address that in the medium term. I think the economy has

slowed and is slowing and I am waiting to see by how much when we get the next national accounts data. But in the meantime, the Government's going to do a first-rate job on the Budget because I think that's the important imperative now.

FK: Well, are the clear signals coming from you now that the budget deficit will be cut by tough spending cuts rather than tax increases?

PM: Well, the clear signal coming from me, don't put words in my mouth Fran.

FK: Well, coming from you and your senior Ministers...

PM: I know you are bright-eyed and bushy-tailed at this hour of the morning, but look, what we are saying is the clear message coming from me is the Budget will be right.

FK: But, will the Budget be right through tough spending cuts rather than more tax increases?

PM: Well, you just wait and see.

FK: Is there room given the strong employment growth to cut spending from some of the money put aside for *Working Nation*?

PM: Well, I think it is worth just recording, I mean people go on about the Budget and the economy, I mean, the Australian economy is the strongest in the OECD area. We have had strong growth with low (inflation) and we have had 590,000 job growth since the election. I mean, essentially the Government was re-elected to get growth started and employment started. We have had 3 and 3/4 per cent employment growth. And that is one of the reasons why household disposable income - these strong levels of employment of this Government - why the disposable income of Australian households have risen by 40 per cent since the Government came to office, which is a huge number.

FK: Does that strong employment growth then translate though into you having some room in the money you had set aside for *Working Nation* to now put into bringing back the deficit?

PM: Well, you are asking me about whether there is any spending room to reduce outlays under *Working Nation*, well, I'm not sure. I mean, analysis of all this in the ERC round will reveal this. The key point is, Mr Howard is running around saying we have had five minutes of economic sunshine. We have had 36 months of growth, 36 months of growth, go and tell the 593,000 people who have got their jobs that it was only five minutes of sunshine and go and remind them that the economy has seen one of the strongest investment phases in recent

years which is setting us up for more goods and services into the future.

FK: Yes, but the question for the voters, I suppose, is can you tell them now that you can get the Budget so right that there's unlikely there will be a need for further interest rate rises?

PM: Well, I won't have to tell them. That will be all apparent to them by the election, won't it? I mean, they are mature, they are conscientious, they will make their own judgements about all that. They will see, I believe, that the Australian economy will continue to grow and prosper and it will do so with low inflation and with all of the attendant changes of recent years in productivity and the rest. That's the key here.

FK: And further rate rises though?

PM: Well, look, these sort of questions about, you know, are you ruling in or are you ruling out interest rate rises. I mean, you have seen the change in the world monetary system over the last three weeks. I mean, no Government can say, well, there will never be another increase in interest rates, or that it is unnecessary. But, I am just saying that the Budget will be a key factor in that and we will be getting that right.

FK: Mr Keating, thank you.

PM: Thank you. Fran, before you leave - now I know Mr Fahey's coming on, and he has been caught out with these non-existent costings of New South Wales Labor promises in New South Wales - just ask him how does he defend that porky, that enormous porky?

FK: We'll put that question to Mr Fahey. Thank you, Prime Minister.

PM: It's an enormous porky. Thank you.

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