



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
INTERVIEW WITH JEREMY CORDEAUX, RADIO 5DN, 16 MAY 1995**

E&OE PROOF ONLY

JC: Good morning sir.

PM: Good morning, I am very pleased to be here.

JC: Are you well?

PM: I am as well as I can be I think, Jeremy.

JC: It would seem to me that you are in election mode. You have just suggested to us that we are going to get our Mt Barker road completed and the airport extended. Can you give us a time at which this will be commenced?

PM: We will be starting on the Mt Barker road under the Commonwealth's national road program, the National Highway Program, and that will virtually begin this year. We will start, now, the feasibility studies for the airport. That is, extending the airport and doing the feasibility studies, the environmental assessments, and getting the constructions begun and completed.

JC: Now they are nice little goodies for us. It tells us that you have come to town with some sweeteners which a politician doesn't do unless he wants something.

PM: Can I say that the Mt Barker road goes through a heap of Liberal electorates, so there is no value for us, the Labor Party, in that other than the people of the State and, as you know, this is a thing that needed doing and it is an eight kilometre divided freeway, including a six lane tunnel, so I think that will be good. The other thing I should mention to you is that in two weeks time when I am having the pleasure of launching the One Nation train - remember in the One Nation policy statement we said we would build a standard gauge railway from Adelaide to Melbourne - so that will be launched in two

weeks. So you can now carry freight or passengers from Brisbane to Perth via Melbourne and Adelaide for the first time in our history. So there is that, plus the airport. So all these things are about the further integration of South Australia.

JC: Well, we thank you. These are nice goodies. Now you say that this is as good as it gets. Now as a politician, if this is as good as it gets this will be a good time for an election surely.

PM: Well the business environment has been very good. We have in the last year just on 5 per cent growth and 2 per cent inflation.

JC: You see, it hasn't been that good for us here.

PM: True and there is a question in that, isn't there. I mean why is Queensland, New South Wales, Victoria and Western Australia growing?

JC: Well we have a lot of debt and we have had a bit of trouble, as you well know?

PM: You have had trouble that is true, but I don't think the debt is a problem. I think that South Australia has got to identify its strengths and go and seek them. Being at the foot of Asia, as we are, we are now closer to the fastest growing markets in the world, which was never the case - they were always in Europe or North America. We are really now for the first time in our history and I think that South Australia, I mean, this sort of developed economy, you realise that the South Australian economy is about the size of the economy of Malaysia, roughly, so if Malaysia is a tiger, then so can South Australia and I have just got to get that message through Dean Brown - maybe he has got to start roaring a bit and doing something.

JC: Accordingly to this poll this morning, this Newspann, more people believe the Federal Budget will leave them worse off, rather than better off. Does that surprise you? I mean, that perception?

PM: Well polls are a funny thing. The main thing that I think people would understand is that the main aim of the Budget were two things - take the pressure off interest rates and fill the savings pot-hole out there in the 90s - and that is basically what we have done through taking the Budget back into surplus and this big change to superannuation.

JC: What about all these economists who see it, and I think there were only three dissenting voices out of 130, that they believe that interest rates haven't peaked. What is your opinion of that? Do you think they have peaked?

PM: Well let me demonstrate this point to you, Jeremy. Last year we sold, our bond selling program, the Commonwealth Bond program was \$21 billion - \$21,000,000,000 - as a result of the Budget changing, this year it will be \$6,000,000,000. In other words, there is a reduction in the Commonwealth Bond selling program of \$15,000,000,000. That is just an unbelievable figure and that is why the long bond yields - the ten year bond interest rates fell by 1 per cent. You see ten year bonds two weeks ago were about 10.1 per cent and they are now at 9.1 per cent because of that big fall in the Budget bond selling program and that is what has taken the pressure off interest rates and that is why I think the housing rates fell at the end of last week.

JC: So the drop in the interest rates, you are definitely claiming as a result of the Budget?

PM: Well I am certainly claiming the long term bond rate and I think the housing rates, the whole environment. Well let me put it this way, if they'd have risen on Friday the commentators which have said "Budget rejected, absolutely rejected".

JC: Do you get the feeling you can't win?

PM: Well, sometimes.

JC: Well do you think, let me ask you again, the interest rates have peaked, that they are not going to go back up again after this?

PM: I endorse what the Treasurer said the other day, I think barring a shift in world markets, we have seen much of the strength in the propensity of rates to rise taken from it now and that the Budget change and that continuing low inflation and another Accord with the trade unions on wages augurs very well for inflation and interest rates.

JC: I imagine you saw Terry McCrann's comments on the Budget, did you?

PM: Well Terry is a pre-Copernican obscurantist.

JC: Well let me see, he said you are like an old fashioned life insurance salesman "Mr Keating is selling the Budget using figures which are utterly misleading and arguably fraudulent - this is over the superannuation.

PM: I know. Look Terry is that far to the right he is out of sight and let me just say in the Treasury paper Saving for the Future, what we did in the Budget was put through the most comprehensive and revolutionary change ever to Australian savings and retirement incomes. What it will mean, Jeremy, is that every Australian person will have at least 15 per cent of wages and salaries going into superannuation. At the moment, most of them have five. Now what that will mean, and these

are the Treasury's numbers, is that somebody - I have got the little book here Saving for the Future, which the Treasury has published - on 100 per cent of average weekly earnings, that is \$33,000 a year, will end up with a nest egg of \$461,000 and an annual income of \$30,000. So you take somebody who, and these are all in today's dollars, is on \$33,000 a year will at the end of their working life, in today's dollars, will end up with an income of \$30,000 a year, which is about twice what the pension is.

JC: So he is totally wrong when he says the difference between the promised tax cuts and the Government's contribution is \$17 billion, maybe more, and that is what we are missing out on?

PM: No, no, because what we did, we put the tax cuts into these superannuation accounts and that grows over the years. So there is a great benefit there. Can I demonstrate it this way as well. Apart from the income of people, put it this way, when I became Treasurer in 1983 superannuation coverage was only 40 per cent, this year it is 90 per cent. In 1983, we have \$40 billion in super funds, this year it is \$186 billion and what the Treasury is estimating, as a result of this change, by 2020 we will have \$2000 billion in today's dollars - that is 2 trillion in super funds, \$2,000,000,000,000 - ten times what we have now in super funds.

JC: Well let's hope it is well managed.

PM: Well it has to be well managed. But see the thing is if the Liberals thought of this, Terry McCrann would be out there like the daily blab - blah, yak, blah, yak, blah, yak - you know, here ye, here ye is the great change, but if it comes from a Labor Government, it wouldn't matter what we did with Terry McCrann I can tell you.

JC: Well this is I guess the crunch question. Now the tax cuts in L.A.W., you changed your mind about that. What happens if you change your mind about this?

PM: Well, no, understand what we did. I mean I want to just make this point, what was the Government's principal commitment at the election. The Government's principal commitment was get unemployment down. On election night I got up and said we won't leave the unemployed behind, we will put our arm out and pull them up behind us, we will move along as a society together. Now the Government's target in the election was 500,000 jobs in 3 years. In 2 1/4 years we have got to 650,000. So we are 150,000 over the target in 2 1/4 years. So on that hardest commitment of all, the hardest thing for a Government to deliver - employment - we have exceeded our target, or put it this way we reached our target in 2 years and it was a 3 year target and we are now 150,000 over. That was a principal commitment. One year earlier than the election in One

Nation, that was in March 1992, we said we have introduced two tax cuts to get the economy cracking. What we did, following the election, was bring one forward and pay it in full at the end of 1993. So the first round of tax cuts were brought forward and paid in full at the end of 1993. The second round we said we would introduce probably in 1998 was the word and the Treasurer and I used. Well they will be introduced in 1998 except they will be paid into superannuation accounts and not as cash. The reason we are taking this opportunity to do that is to say to people well what would you rather have, you know, \$10 or \$15 in your hands or a retirement income, taking the chance now of saying if the Government does this now I won't ever have to worry again about my retirement income.

JC: But that average worker could be able to retire on \$462,000, it applies to somebody who actually starts work in the next century?

PM: No, no. To go to the full, to the end of their working lives, at the end of their working lives, that is right it is at the end of their working lives. But let's say, take somebody now who is in their 30s and is going to be retiring, we have also calculated what it will be for them and it will be that somebody who is in their 30s now, a couple in their 30s who retire, they will end up with an amount 3/4 of the pension on top of the current pension. In other words, they will retire on an amount of 3/4 extra to the current pension and their children will retire on an amount 100 per cent extra to the current pension. In other words, doubling the current pension for their children - 3/4 of the current pension on top of the pension for them. So in other words there is a benefit in here for all working people, from now on, it is just that the benefit gets to its full bloom if you are in the system longer. So let's say you are 23 years of age today, you will then pick up the full \$30,000 in income at the end. Or if you end up on twice weekly earnings, you end up with a lump sum of \$750,000 at the end. But, again, you have got to be in the scheme 40 years. But the benefits are there for somebody who has got 20 years to go.

JC: The Prime Minister is my special guest. I just want to ask one more question and then we will take some callers. I don't know how much time you can spend with us.

PM: I am right, we are okay.

JC: But we would be grateful. This story that is around this morning about Senator Alston and Dick Warburton and Dick Warburton's article in The Financial Review where it is said that you rang a senior executive at The Sydney Morning Herald and complained about that article and referred to how such an article, gutter press, might jeopardise Conrad Black's desire to have a bigger share of The Sydney Morning Herald.

- PM: The story goes on, apparently, that I then sort of said "oh well, Conrad Black would otherwise have 50 per cent of the Herald".
- JC: Yes. Did you do that?
- PM: No. But do I call the media executives, well that is a habit I have got into over the years.
- JC: Did you object to that article on that particular occasion in that manner, or not?
- PM: Not that I can recall. But the article of course was without foundation, but the weight of what Senator Alston is saying is that in some ways the Government has offered Conrad Black 50 per cent of John Fairfax and Sons - that is totally untrue.
- JC: The interest being if he laid off you.
- PM: But it is totally untrue. It is a complete fantasy.
- JC: So never at any time did you offer that sort of a suggestion to a senior Fairfax executive?
- PM: No. Absolutely not.
- JC: That article that Dick Warburton, who was a fairly heavy weight in the business world, he accused you of being able to hate and get fairly close to the politics of hate. What did you make of that?
- PM: Well I thought that was just extraordinary. This is a man we put on the Reserve Bank Board.
- JC: Where would he get this feeling from?
- PM: And if you look at the last election, a lot of the people who were supporting the Coalition, we have appointed them to boards. I mean we have appointed a number of people. Warwick Smith, the Liberal frontbencher, we appointed as the Telecom Ombudsman. The former Mayor of Brisbane, Sally-Anne Atkinson, we appointed as the Trade Commissioner to France.
- JC: When somebody gets stuck into you though, publicly or privately, do you take that personally?
- PM: No, because it happens all the time. In public life you have just got to let it roll off your back, I am afraid. But can I just say what the Alston thing is about is that there is a terrible argument going on in the Liberal Party, right at the moment, over Mr Connolly's sacking at the hands of Dr Nelson. And Connolly has hopped right in to this and said here we

are, when superannuation is a major issue in the Budget and the country, you've fired your superannuation spokesman and at the same time he said Senator Watson, in Tasmania, is now under threat from the former Premier, Mr Gray. So what is happening, Jeremy, is this, there is a huge stoush going on in the Liberal Party - remembering that Mr Filling and Mr Rocher have been defeated in Western Australia, Mr Connolly has been defeated in New South Wales, Senator Watson's head is on the block in Tasmania with Mr Gray and Connolly is saying, here I am - a loyal servant of the Party, been it all my life, I am the superannuation spokesman - I get knocked off by Brendan Nelson, who tried his luck in South Australia, didn't succeed there, has come up to Bradfield. As I said yesterday, the Liberal Party is like one of the sort of clubs you join at the door you know. As you walk through the door you sign up. Oh you want to be in Parliament. Oh yes I would like the safest Liberal Party seat in Australia. Well just step this way.

JC: So what Senator Alston is doing is a bit of a smoke screen?

PM: I think so. I think they said what can we do today to sort of get the attention off Connolly and Senator Watson and this stoush we are having over Brendan Nelson, and particularly that he is backed by Bruce Shepherd, who was part of the Joh for Canberra campaign. You see John Howard has got things in his head, he is still hearing voices about the Joh for Canberra campaign and hates the sight of Shepherd. Shepherd masterminded the Nelson victory up in Bradfield, so there is a very, very big tussle going on and the bit of meat they have thrown across the trail this morning is Senator Alston and this cocked up story about me offering 50 per cent to dear old Conrad Black.

JC: Have you ever ordered a tax audit of anybody?

PM: No, of course not. Of course not. I was Treasurer for eight years and you have never heard one word about the propriety of my stewardship of that job. You can just imagine the private stuff I see. Here is John Howard taking the legal documents from the Hindmarsh Bridge case in South Australia, letting McLachlan open them, sending them to the opposing side's solicitors and then dropping them in the newspapers. I mean in terms of propriety, Howard and McLachlan have got the morals of alley cats.

JC: Prime Minister if you can spend some time with us, we have got some calls, but I would get you to put those headphones on and I shall turn you loose on the listeners and the listeners loose on you. Hello, Del. Are you there Del?

C: I am here.

JC: Here is the Prime Minister.

PM: How are you Del?

C: Good morning Prime Minister. I am a sole, lone parent carer of a young woman who is 30 years of age, with severe multiple disabilities. I read last Wednesday that carers can now qualify for the Carer's Pension, even if their family income is less than \$61,000 and that they can amass assets of less than \$559,000, which is in effect if they get \$165 a week for a Carer's Pension and an income support increase of \$165 a week. Lone parent carers received nothing out of this Budget. We are expected to provide 24 hours care for our severely disabled children for \$165 a week. We can't earn \$61,000. We don't have partners and on that amount of money, we can't amass assets of any sort.

PM: Well that is not true, can I say. In the Budget we have increased the allowance quite substantially - not with the actual based pension, but the allowance. You might have missed that in the news coverage and I think that is an important change. But we have increased, of course, that Carer's Pension over the years and it has the same free areas, that is you can earn without losing part of it to a certain level, and we have now got an increase in the allowance that goes with it. Can I say these are the very things that John Howard and Peter Costello want to cut. I mean, you know Mr Howard has said that he doesn't believe that the Budget should be addressed by any changes in revenue, he will do it all on the out base side. Well this is one of the areas that they are most snaky about. That is, single parents and people on single incomes in the social security system. In contrast, we have increased the Rent Allowance in the Budget and we have also increased the Carer's Allowance.

JC: Okay, Del, let's move on. Malcolm, hi.

C: Oh, good morning Prime Minister, how are you?

PM: Good Malcolm, thank you.

C: Look direct democracy has been endorsed by all the major parties at some time and I would like to know why Labor didn't introduce it during the 80 years as part of their policies. At the moment, the unions have extra input to the political process by the virtue of their numbers and I feel that the rights of the wider community should be extended by this means.

PM: What do you mean?

C: Well, Citizens Initiated Referenda is a way of combating corruption in Governments in the present or future and it is being used that way in other countries and also where people generally feel that the

Government have their priorities wrong they can indicate that by referendum.

PM: Well I think I speak here for the Coalition as well as for the Labor Party and neither of us support Citizens Initiated Referenda and you might notice that when this debate arose recently, the then Opposition Leader, Alexander Downer, came out against it and so, as I recall, did John Howard and the reason is I think that see what you have in Australia is you have an election every three years and you also a parliamentary system which means that your MP has an office and your constituency, and you can go and see them and talk to them and the political parties are affected by the ambient political climate of debates as they come along, whatever that debate might be. There is a very responsive, you have got a lot of participatory democracy in Australia. Here I am, I am the Prime Minister, I am on a radio station talking to you. You get Ministers, you get Opposition Leaders on radio every day of the week and on television and you get a right to hire or fire the rest of us every three years. So I think where we have seen some of these things like the proposition - I think it was proposition 41, wasn't it in California, where they decided they'd reduce, by Citizens Initiated Referenda, the revenue raising powers of the State of California, they were going to put police off the beat, they had to cut all the public transport and it wouldn't take us very long before people thought it was a bad idea.

JC: Proposition 13.

PM: Proposition 13.

JC: Anyway, thank you for the call. A quick one from me Prime Minister. Did you see "60 Minutes" on Sunday?

PM: No I didn't. No.

JC: They had a story about people living in Nimbin. They called themselves "the ferals" and they made it quite clear that they couldn't be there leading their pot-smoking lifestyle without the dole. Could we get some assurance that if somebody places himself or herself in a position where they can't get a job that there should be some pressure on behalf of the taxpayers to stop that funding of a lifestyle?

PM: Absolutely. I mean let me say this, what we have is a work test. In other words, they must apply for work and be seen to apply for work and if they don't and if they don't actually apply for jobs and take them, they get bumped off and we have review teams that goes through each Social Security area to see that that is happening.

JC: Yes, well I praise you for that. But, obviously, this is something that gets through that system or that net.

PM: The second thing is this. In Working Nation, where people are unemployed 12 months or more, we now give them the benefit of what we call case management. So one person relates to about 30 people who are unemployed 12 months or more. So they get to know their educational standards, their work experience, their aptitude, their personalities and then after 18 months we offer them a job, but they must take the job. We give them a job subsidy in case management that they must take the job. What that means is that anyone who is unemployed 12 months or more is going to be case managed. So the possibility of somebody in Nimbin.

JC: Not the whole colony?

PM: Not being (1) known about (2) haven't kept up their credentials under the work test (3) being case managed, but being unknown to the case manager, is very unlikely. I have got to say to you, Jeremy, I didn't see the program, but I would be most surprised in an area where we have a lot of people who are living an alternative lifestyle, I would be most surprised that the Social Security regional administration isn't applying the work test to them. At any rate, I will inquire.

JC: I would be grateful. I think my listeners would be as well because they were quite upset about it yesterday. Hello, Charles. Charles here is the Prime Minister.

C: Good morning Jeremy.

PM: How are you Charles?

C: Good morning. I have just got a couple of quick questions. For a start, in the Budget they increased the cigarette prices, I am not a smoker or drinker, but why didn't they increase the alcohol because that does more damage than cigarettes and how do they expect the pensioners to save for their future when they have just gone and upped the deeming rate on them?

PM: I am not sure that all the drinkers would agree with you about that, but anyway. The cigarette and tobacco excise is just one of those things that the Government has the option of increasing. You know we are trying to discourage people from smoking because of the health hazards. We now force companies to publish on the cigarette boxes and we do think there is some buyer resistance to price and if the price rises, fewer people are prone to be smoking. The deeming change is a change in equitable terms to increase the fairness for pensioners. That is, rather than look at each particular asset they have and deem the rate to it, what we have done is taken those as a block, given it a concessional deeming rate and then above a certain figure another deeming rate and the pensioner groups came out I think after the

Budget and were fairly laudatory of that change, so I don't think you should fear anything from that. I think you have got a benefit there.

JC: Prime Minister I know you have got to go and I thank you for your time. There is a question here on the screen that says availability of flags. We were talking about a kind of Republicanism by stealth yesterday. Is there something from Canberra that some desire to make the Australian flag unavailable?

PM: No, we hand it out with alacrity. You can get one at the drop of a hat. You can get some with a drop of a hat there.

JC: Now you do promise?

PM: Oh, absolutely. The Republic debate takes precedence over those things. You can still get the flag with the union jack in the corner any day you want to ask for it.

JC: Alright, okay. Now one last question about Mt Isa. Now here we are with a balance of payments problem and we are looking down the barrel of a major strike that will cost this country dearly if we can't fix it. Are you anticipating that you should intervene soon?

PM: Well I think the Minister for Industrial Relations is taking an interest in it. But it is part of the new enterprise bargaining system. You know when you hear people like John Howard running around talking about we need a more flexible labour market, where employers and employees sit down and work it out. Well, that is what's happening right up there in Mt Isa at the moment. They have had a more flexible labour market and they are sitting down working it out.

JC: Well it looks like the whole mining industry is going to go out because of Mt Isa Mines.

PM: Well because, I think, in the agreement that will come out of it will be a pacesetter for the industry and that is why there is a lot of interest in it, but I certainly agree with you on this point, the quicker it is resolved and they get to an agreement and get back to work, the better.

JC: Prime Minister thank you. You won't tell me when the next election is going to be? It is going to be soon, isn't it?

PM: If they had certainty of knowledge, it would be a big help to me as well. I mean even though I have the option of fixing the time, I have always taken the view that these elections are too hard to win, to give a big lump of it away. We are going to sort of get our value from it before we turn in our badge.

JC: But you will pull it on when you think it is most likely that you will win and right now it must be very tempting?

PM: Well what I have said is that we will have an election in the cycle and that means you know when the term, when we are well and truly towards the end of this term and well we are two years and a quarter.

JC: So you haven't made up your mind or you have made up your mind?

PM: No, I certainly have not.

JC: September doesn't ring a bell?

PM: No, it doesn't ring a bell. I would like to give you a story here, Jeremy but I honestly haven't got one to give you.

JC: Prime Minister stay well, thank you.

PM: Thank you.

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