



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
PRESS CONFERENCE, PARLIAMENT HOUSE, CANBERRA,
28 JANUARY 1996**

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PM: I'll just open up with a few introductory remarks and then let you ask some questions. There is a hint in the commentary now that now the Government has got the Australian economy in pretty good shape, it is growing quite strongly, as you know stronger than, I think, any other western economy. That it has got very strong job growth, three quarters of a million jobs since the last election. We have got low inflation with the underlying inflation rate at around three per cent. So, there is a hint from the commentators that the public have got now a bit ... are in a position to make a choice. The hint being a bit of a cavalier one saying well, now the Government has got us in this good position, you can sit back and make a choice about where you want to go now.

The point of much of what I said in the advertisement, which will be run on the ABC, is to say that we have got a remarkable opportunity, but now is the time to consolidate it. The point I made yesterday at the opening press conference of this campaign, that is, no other country, no other nation has been invested with a continent. We are in the lucky position of sharing a border with no one, but we will have to unlock the opportunities ourselves. I made the point that no one out there is against us, but no one out there is especially for us. We are on our own and we will have to behave as if we are on our own. That means making every post a winner in terms of domestic cohesion, in terms of competitiveness, in terms of the environment, in terms of making the connection with Asia, in terms of unlocking markets, in terms of building free trade structures in the region, in terms of our strategic arrangements, in terms of our people to people contacts and that now is not the time to go back and hanker for some other period when we had the economy managed on a conflict basis where the so called ruling group managed by press statement, where our trade arguments were to be had in the OECD and our strategic conversation exclusively with north America. These are all very much the symptoms of the view that the Coalition took in the past.

Now, we have come a long way. In the last three years the economy is well and truly up and running. The fact that we have been having growth between six per cent and three per cent and we have kept inflation between one and three per cent is something the Coalition is incapable of. They have proved that, it is not simply a claim by me. They have proved that in their seven years of office with high inflation and high unemployment and that this

is an era full of promise for Australia. We are living at the foot of the fastest growing markets in the world. We have now got a much more highly educated workforce than we have ever had and we have the added opportunity of being able to build the country in our own image and put the premium we wish on the environment. So, we do not just have a good economic life, but we enjoy all of the bounties of nature that it can offer us.

In other words, we take the full opportunity of the position we are in, but it has to be consolidated. It is not just going to happen. The inflation rate is not just going to stay there. The growth won't just there, it is not there by accident. The employment growth, three times the average rate per year under the Labor Government than under the Coalition is not there by accident. The trade relationships with Asia are not there by accident. The security treaty with Indonesia is not there by accident. APEC is not there by accident. It is there by design and it is there by design from a competent government which has taken its mandate seriously and had the imagination and the courage to get these things done.

I don't think now is the time for any commentator to give the view, well look, we are really in a pretty good economic position. We now have the luxury of some sort of caviller choice because the Coalition has no strategy. It has no coherent philosophy. Mr Howard has had a year in this term as Opposition leader to give all of you a coherent philosophy and he hasn't. The headland speeches have all been flops, every one of them. There has been no policy detail and as a consequence the notion that they are prepared, he said yesterday that they were in a position, they had the solutions. Well, he could have fooled me. I haven't seen the policies or the solutions. He said they had the drive - again, I'm sure it would have escaped all of you in the press gallery, where the drive was - and the team. So, instead of having Kim Beazley out there, he would have Tim Fischer. Instead of having Gareth Evans in foreign policy, we would have Alexander Downer. Instead of having Ralph Willis, we would have Mr Costello. This is not an election for other than the consolidation of Australia's best interests. And there is only one way that's going to happen, a further mandate for the government. I'd be glad to take questions.

- J: Mr Keating, you start this election behind by almost a record margin.
- PM: Last time I think we started 12 points behind, supposedly.
- J: Well, why do you think you are so far behind given all of the things that you are spelling out to us now, which you claim are positive achievements of the Government?
- PM: Again, I think, the polls as a number of commentators are now agreeing, give people the opportunity to put some pressure on the government. I don't think they are an accurate reflection of public opinion, that the weight really comes on when people have to make a choice and I think that will happen again.
- J: Andrew Robb criticised you for attacking John Howard on a personal basis. In this second ad here certainly reflects that, what is your reaction to that?
- PM: John Howard said yesterday in his opening statement, that I was untrustworthy. In his opening press statement, that I was untrustworthy. He has called me a liar almost every off day in the last 12 months. As you know, he has Senator Baume sitting in the Senate every day attacking me

and my private life. I have never engaged in these things and I don't need to, but the references to me yesterday explicitly being untrustworthy, I think, need to be picked up and understood. I made no such references to him.

J: Prime Minister, the line in the commercial where the person says that they may not like you, but at least they trust you is that recognition by you that you accept that Australian's don't necessarily like you?

PM: Well, John Howard got down to 18 per cent. Remember that famous cover in The Bulletin - Why Does This Man Bother, Mr 18%. On that basis, 82 per cent of the public presumably didn't like him. I just think anyone who goes through a long public life like I have or like John Howard has, having the community say yippee thank goodness we have got them, really! I mean really, is that what you expect?

J: Nevertheless given it is a very negative line put about you in an ad, what is the rationale?

PM: The rationale is, I think, to make very clear that Australia has got this far with leadership, commitment, passion, energy. The very things that John Howard and his Coalition don't have. That is what the point of it is. In other words, if you want to keep the great change going, that is the fact that Australia is now a completely different country for the better than it was from the industrial archaeology of the early 1980s, of our declining competitiveness, of the fact that we were no where in Asia, that we had virtually little standing in the world anywhere and that we are now a competitive outward looking place with huge growth in exports and elaborately transformed things. In other words, very much a country and a society completely different than that which we had, that it has come by leadership. It has come by horse power. It has come by belief. It has come by passion. It has come by energy. You can call all that leadership. That is the point of the ad.

J: Mr Keating, the emphasis on Asia and your push into Asia and opening Australia up to Asia, obviously it is the key part of your pitch. Do you think ordinary Australians think about it, that they might share that desire, they are more concerned and would rather you were home here trying to get them jobs and certainly not inviting more Asians in to take their jobs, that kind of feeling.

PM: The growth in Australia's exports since the great reformation of the economy in the 1980s is now employing one million Australians. There is one million extra jobs there because of the things the Government has done to make Australia competitive and to open up market opportunities. When you see the big Australian farms looking at the wheat markets of the world and seeing our grain prices harden and improve, that is going to continue as the Uruguay Round starts to pull back subsidies for grain exports. Market access is now what it is all about for us. When we say Asia, read two things, employment and jobs and engagement and security. Security in Asia, not security from Asia which is the view of the Coalition.

J: John Howard said this morning that there is no law against changing your mind in politics and that in fact it can be a sign of strength to reassess what you think. Given that the Labor Party has also changed its mind on some crucial policy issues over the past years, why shouldn't the Liberal Party be able to do so as well?

PM: Well, you would have to believe in fairies at the bottom of the garden to believe what the Liberal's are saying now on Medicare and on wages. After 15 years of pressing huge declaratory statements, well lets go through ... just take 1995 on industrial relations. I will give you some quotations, Mr Howard " ... it is our role in areas like industrial relations which remains the great undone area of reform in the Australian economy" - March 1995. "... Because of all of the things that remain to be done in Australia, none is more important than reforming Australia's old fashioned, out of date industrial relations system" - April 1995. "... As you know, of all the issues I have been committed to over the last 10 years, none has been more important, none more prominent than my absolute commitment to the need to free Australia's industrial relations system and of all the on costs and above accrued wage costs, many of these are a direct function of our outdated industrial relations system", and above accrued wage costs, of course, is code for penalties and over time et cetera. He said that in July 1995. Not 1985, 1995. He went on to say on another occasion in the same month "... you don't even deserve to be taken seriously on the innovation and the futuristic stakes unless you are prepared to embrace the 21st century industrial relations system". Then he said on 28 July 1995 "... it will come as no surprise that of all the unfinished business of economic reform in Australia, none is more important, none more blindingly in need of action than the area of industrial relations." And then finally in August he said "... it is imperative that we undertake fundamental reforms in industrial relations" to the Cattleman's Union on 28 August 1995.

That is a reflection. I could read quotes here for an hour stretching back to the early 1980s and then because he is advised by his pollsters to go out and say look, I didn't really mean all that, I'm just a cuddly small 'l' liberal who will now no longer stand for any of those positions I have taken, I am making a new declaration and you now are required to believe that. The point is on that matter, John Howard is not entitled to be believed. Is it any wonder, have you seen any hand wringing from the Business Council or the ACCI because you know what the word around town is from them: "look, they are going to do it anyway, he just has to say things to get over the line".

I know that, you all know that so why would you believe that we are going to accept Mr Howard's policy, but not the policies and philosophies he stood on for all those years. Or on Medicare, for instance, where he says "... the Medicare system is a total disaster. We'll pull it right apart. The second thing we will do is get rid of bulk billing, it is an absolute rort. The best thing we could do is to go back, back to pre-Medicare." There is an absolute feast of quotes. Medicare is a failure. "We will end bulk billing which is a scandalous waste of money" and it just goes on page after page. That has been his position. The Liberal Party position is to support private health. They believe in a private health system for the well-off which gives the incomes the specialists believe they deserve. That is what they have always stood for. That is what they still stand for. That is what they would do in office.

So, are we to say after ... remember this John Howard has opposed every wage increase since 1987, bar two. He has opposed all the Medicare changes. A fair and decent industrial relations system and an umpire wouldn't be there if John Howard had his way. Medicare wouldn't be there if John Howard had his way. And you are not really asking us to say, at this point - for the most shallow of political reasons because he wants to become a political chameleon and change his tune - that I should after 13 years of my life fighting him on these things concede the point that he really wasn't

an opponent after all. He was really in it with us and, of course, he never was.

J: Prime Minister, there is a problem with health especially with the number of people dropping out to take private health insurance.

PM: But, Nikki, look, I am not here to go through the whole campaign, the campaign manifesto, a discussion on the health scheme. I am here today to talk about, essentially, what the Labor Party and what I have said on behalf of the Party in that advertisement about the broader portents in the campaign. I am not here to fill up columns.

J: Mr Keating, over the past several months you have announced several billion dollars worth of new spending initiatives. When are you going to tell us how you are going to pay for them?

PM: Like we have done in every campaign. You will always know from us I mean dare I have the temerity to remind you that we have a surplus Budget. I know a mere bagatelle, I know.

J: Mr Keating, the Liberal Party today is indicating that they would write to the Electoral Commission to put a halt to the distribution of statements like the multicultural statement and your environment statement, saying that it is now not authorised election material. What is your reaction to that?

PM: Look I haven't seen that at all. I haven't seen that.

J: [inaudible] on their behalf?

PM: Look I would like to find out what they said before I respond to it.

J: Mr Keating, are you going to address health as an issue during the campaign?

PM: Well you asked me that a minute ago, Nikki, and I gave you the answer.

J: Prime Minister, what do you mean when you talk about consolidation? You have mentioned it yesterday and today. Do you mean that the pace of reform would slow down?

PM: No, well look at the front we are moving on. In the middle 80s we had the worst terms of trade since the depression, our national income was dramatically cut, we were massively uncompetitive, we had double digit inflation and double digit unemployment thanks to Mr Howard. We had no position of substance in the traded goods sectors of Asia, other than the big bulk trades to Japan.

Since that, and might I say we had three young people in ten completing secondary school. That is how much they cared about young people. Three young people in ten completed secondary school. That is now eight young people in ten and we have taken university places from 320,000 to 560,000. So we have now got a much more highly educated society. We are 40 per cent more competitive than we were then.

Exports have gone from 13 per cent of GDP to 22 per cent - an increase of 9 per cent of GDP, or \$45 billion a year. The fastest growing component of those exports is elaborately transformed goods. We have got a services

sector like we have never had before in tourism, in financial services, in education services, and the like. We are now relevant in the region around us. We now have bilateral and multilateral structures which this government has largely developed and that whole picture of promise, that integration, has to be completed.

We have to establish the educational institutions like Monash - which was up there last week with me in Malaysia - or the University of Melbourne, or any of the other institutions which are going there of the great teaching hospitals, of the product markets, of wholesaling, of specialised products. Developing those things so that they count as assets for Australia forever, i.e. consolidation.

In other words, you can't be driving along in top gear and then throw the car into neutral and just hope it might drift over the line. It is not going to drift over the line, it is going to stop. We are going to lose the momentum of it. It's going to go and what will go with it is, of course, the cooperation at home, the low inflation, the decent wage outcomes, and we will go back to the sort of conflict model that we had in the past.

J: Mr Keating, ... [inaudible] ... are you going to provide during the campaign details of how particular policies would be paid for, say offset the savings, and so on?

PM: Michelle, I produced for the government, at one time or another, 21 statements - that is Budget reviews and May statements and Prime Ministerial statements, which all had those costings as part of them. I mean we have raised accountability and public financing to probably the highest point in the OECD. We publish estimates of outlays and receipts. We don't only publish estimates of outlays and receipt, we publish trends.

When the Coalition, when John Howard was the Treasurer, he didn't even publish beyond the next year's forward estimates and he never published them in receipts.

J: Mr Keating, do you see Australia's move towards a republic being part of this campaign particularly in enhancing our image in Asia?

PM: Well I don't think the Liberals understand at all the strength of the Australian identity and it is one of the things I made clear in that advertisement. They don't see the importance of it to ourselves, to what we have become, to our esteem for ourselves, or our relevance and how we are viewed in the region around us, or in the world at large.

And so anything that gives a further expression to our culture, to what we have become, to the sort of society we now are, will only make us stronger. And the republic, of course, is a central part of that.

J: Mr Howard said that if in government he would reduce the uplift factor for provisional tax for small business. Does he have a valid point?

PM: Oh well, that would have rated maybe half a line in a 3000 lines statement. That is not policy. That is just, simply, a technical point in the tax system. We have varied the uplift factor for provisional tax as the years have gone. Sometimes it has been ten, sometimes it has been eight, it depends what the economic conditions are. But let him not market that to you as policy and let you not be so gullible as to receive it as policy.

Policies are about where you go with fiscal policy, whether you have a cooperative incomes policy, how you then integrate that with monetary policy. That is what policy is. That is a detail and if he can occupy you to the point that you even ask a question about it, then I think you have got to look at his press statements a lot harder.

J: Mr Keating, do you concede that the blowout in foreign debt to \$180 billion, the fact that there is still 750,000 Australians unemployed, and the fact that one third of young people who aren't in education or training can't find a job, that they are the factors that are going to weigh you down in this election campaign?

PM: No, because for this reason. We have roughly the same population as The Netherlands, roughly. But you can drive across The Netherlands in about three hours. Three hours will take you from Sydney to Canberra.

In this country, we have got 300 mile railway lines, the biggest in the world, the heaviest gauges in the world, four locomotives upfront, two at the back, one railway system after another through Western Australia, through Queensland. We have dams all over the country, we have major mining projects, we have major agricultural investments. These don't happen in countries of that size. They happen in a few isolated places. Australia happens to be one of them. That is, we have a continent, but there is only 18 million of us.

If there were 260 million of us in a similar sized land mass as there is in the United States, we may have a savings base large enough to fund the capital requirements of that sort of country. We don't and even though we are trying very hard with superannuation and public savings, the chances are we will always need private investment. This is a good thing for Australia. A good thing for Australia that Australian companies can borrow abroad to develop Australia faster and the loans are forthcoming.

The key matter is whether we can service them and as you know our servicing capacity has doubled - doubled. I mean eight years ago 22 per cent of our export proceeds went to servicing our debt. Today it is 11 per cent and what is the Commonwealth's debt in all this, 5 per cent. It is largely private debt - borrowed by private companies for good investments in a huge continent and that is why comparisons with OECD countries, like The Netherlands and that, are just way, way beyond the mark.

J: Should there be a televised debate on health?

PM: Well, at this point, John Howard and Andrew Robb have made clear ... well let me just make our position clear. I am prepared to join John Howard in two debates with a moderator - in two debates managed by the Australian Broadcasting Corporation, with a moderator of their choice.

They have written to the parties and have said their choice is Kerry O'Brien. Andrew Robb has told our Federal Secretary today that the Liberal Party - he and John Howard - won't have Kerry O'Brien and we are saying well look, as far as we are concerned, this is up to the ABC. If the ABC wish to nominate someone else, that is fine with us. But we want two debates and two debates between myself, the Deputy Prime Minister, Mr Beazley, and the Treasurer, Mr Willis, and another debate between myself, the Deputy Prime Minister, Mr Beazley and the Foreign Minister, Senator Evans, and their

counterparts who would be Mr Howard, Mr Fischer and Mr Costello; Mr Howard, Mr Fischer and Mr Downer.

At this point, the Coalition have rejected that proposal. They have rejected that proposal. They have said they would only have a debate between Shadow Ministers because I think Mr Howard does not want to be seen sitting in company with Mr Fischer and Mr Downer.

J: But considering that health is such an important issue and the decline in private health insurance and all that sort of stuff. Do you support a debate on health?

PM: I don't think we have got time to debate every single issue. You could have one on health, Aboriginal policy. You could have one on all sorts of areas. Governments are run by a core group of Ministers - Prime Minister, Deputy Prime Minister, the Treasurer, the Foreign Minister are the first among them. Therefore, the appropriate format are debates between the Prime Minister and the alternative Prime Minister and between the Deputy Prime Minister, the Foreign Minister and the Treasurer. Now, at this point, the Liberal Party has only agreed to a debate between Mr Howard and me, but not with Mr O'Brien.

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