



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
INTERVIEW WITH RAY FEWINGS, 5AA RADIO
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RF: The Prime Minister, Paul Keating, yesterday announced a host of messages aimed at targeting Australia's environmental problems. The package has been formulated to correct problems with water, air and soils. It will combat pollution, eliminate sewerage contamination in our water ways, improve water quality as a result, and also issue a challenge to the blue-green algae. \$156 million will be spent over the next 4 years, including \$72 million on water quality and management, \$30 million on water catchment areas, and \$3 million coping with greenhouse gases. Two new areas have been earmarked for world heritage listing, including the Naracoorte Caves. The Prime Minister's visit could not have come to South Australia at a better time, with the State reeling from financial and natural disasters and conservative for polls showing the Coalitions best following is in South Australia, it is obvious this State needs his urgent attention. Mr Keating has delayed his return to Canberra this morning to talk with us. Good Morning Prime Minister and thank you for dropping by.

PM: It is good to be here, Ray.

RF: The measures to target the environment, of course a lot of the Opposition people are going to say here he goes again, another diversion. But quite seriously, are there very many moves to ensure our future?

PM: Ray, it is certainly not a diversion, Dr Hewson in that terrible con-job last week had the biggest diversion of all - that was a diversion right away from his normal policy. On the environment we have been working on the agenda now for over a decade, starting with Gordon below Franklin in 1983 with the North Queensland Rain Forrest, with the Tasmanian Southern Forrest, with the declaration of

Antarctica as a wilderness park. And this time focussing on such areas as the water quality – the Murray Darling River system, dealing with algal blooms and water cleanliness in that system. Dealing with feral animals, *Mimosa pigra*, and the Kakadu. We are having a full open session of the environmental and economic values of the Shoalwater Bay area, the declarations, you mentioned it yourself, of Riversleigh and Naracoorte Caves for world heritage listing. It is further work on the Government's long run environment agenda.

RF: The environment is still very much high on the list of importance for Australians, I think it has been proved in the last election, Bob Hawke got in on the green vote and obviously people are still interested in the environment. Probably the balancing point though is what comes first, the economy, the unemployment, is this ahead of the economy or is there a place and a time for each thing?

PM: Well I think they have got to come together. I think the environment is now a mainstream issue that people don't regard as a luxury issue attached on the side. Water quality has effected our major river systems, we have now got large parts of the Murray–Darling with those blue–green algal blooms on them. We have reached the point where despoliation of the environment produces a severe economic cost. So I think you have got to do it together, that is you can't distinguish one from the other. We can advance ourselves economically and enviromentally, but at one at the same time.

RF: This does look to be a good plan, it looks like you have addressed the problems. People might well ask why we haven't got a better plan for getting out of the mess we are in at the present?

PM: We certainly won't get out of it as Dr Hewson was trying last week, and that is running on policies that he doesn't believe with money he doesn't have. This is a fellow that said to me the One Nation package of Government involvement in the economy of fiscal spending was irresponsible, was going to bankrupt the country, he said we have got to cut the Budget back by \$7 billion a year. He has now thrown all that out, and he threw it all out basically because he got a couple of nasty polls. He had the Federal Director of the Liberal Party, Mr Robb, on his back making him shift his policy. Is that what Australians want? Do they want political leaders who are going to do things they don't believe, in policies for which they are not really committed, spending money they don't have? He is going to fund this by selling Telecom, and nobody is going to buy Telecom without Telecom being a really commercial show.

RF: If somebody does buy Telecom, will they change the rules? Does that mean if somebody buys Telecom some of the luxuries we have got like unlimited local calls, does that mean they might be scrubbed and we might be under the whim of the new owner?

- PM: Well you have only to ask the question, Ray, does anybody, any Government think they are going to raise \$20 thousand million for Telecom selling it to a set of private owners and then say to them, oh by the way you are not going to be able to charge for time local calls? You're not going to be able to charge by the second. Telecom should stay in public hands, we have got a competitor, the Government has set up a competitive market with OPTUS. We don't need to sell Telecom, and at any rate the sale of a Government asset is just the same as selling a Government bond. It is just like debt. So what Dr Hewson is now proposing, he is trying to outdo the Government on the Government's policy, with money he doesn't have, from the sale of a public asset which will probably lead any owner of Telecom to move straight on to timed local calls, where the technology is such now that they can charge you by the second, so if you want to ring your relatives, your wife or your mother, either in Adelaide, within the State or interstate, then you will be charged by the second. That's the only way you would get the revenues up, it's the only way you would make the thing saleable.
- RF: Well we have certainly seen that happen in the arena of long distance calls. It is not very pleasant watching the meter tick over, it is like riding in a cab.
- PM: There has always been a belief in Australia that you could pick up the phone and ring around the corner and not really have to worry about how long you were on the phone, but that would all change. The key point is that the fundamentals haven't changed. It is still the same policy and it has the Kennett industrial relations policy. He made it quite clear that he wouldn't change his industrial relations policy, there will basically be 8 million people forced onto individual contracts. He says he will have the same tariff policy, which is basically zero tariffs, he reaffirmed that last Friday. As I said yesterday, his South Australian policy is zero tariffs, which for him means zero Adelaide.
- RF: That's exactly right, we have had a rough trot here as you well know. But the polls say that the South Australian people are hot on you at the moment, they want more action from you, they want an alternative plan, they also ring us and they say, the Queen, the Oath of Allegiance, Asia, talking about being a part of Asia, are all diversions.
- PM: They are totally wrong about that, totally wrong. If people don't think that locking into Asia is not going to give us production in cities like Adelaide, then I don't know where they think it's going to come from. It must come from exports, and it's got to come from the fastest growing part of the world which is near by. If we want to treat ourselves as though we're still attached to North America and Western Europe, then Australia will suffer accordingly. That's why it is important to have this economic rationalism, it's not just simply a social question, it's an economic question primarily. The point is this, Ray, is putting a 15 per cent goods and services tax across the country, raising \$22,000 million a year, that's equivalent to half the Commonwealth income tax, going to do anything about the recovery? It's going to put the recover back. Is introducing conflict in the

workplace, pitting employer against employee, employee against employee, pushing 8 million Australians onto individual work contracts, cutting their wages and conditions, is that going to promote a better relationship to produce a productive country? It's not. Dr Hewson's solutions are non-solutions.

RF: A lot of people would say, though, that by reducing or taking the GST away from food and not taking people off the dole, he's getting close to your policies.

PM: But we don't have a GST. GST with food included raised \$27 billion, \$27,000 million. The GST without food raises \$22,000 million. It's the same monster, just varied at the edges for food. And Ray, let me put this question to you – do you really think if they were in office and they were about to design the tax, and the Treasury say to you with these exemptions it's going to be impossible to market this thing, it's more complicated now than it ever was, unless it's a single rate across all goods and services it's not going to be possible to administer. Dr Hewson flipped last week saying he'll take food out, he'll flop back saying he'll put food back in once he's safe. Last week's change wasn't a policy change, it was a political change. If he's safely elected he'll go back to taxing food, food will be back in. He'd just have a press conference and say I've done my best, I've talked to the Treasury, the Treasury say we can't design a tax with these exemptions, and food would be back in anyway.

RF: Or perhaps the 15 per cent might become 20 per cent?

PM: In every country in the world it has grown. In every country the goods and services tax, the VATs have increased. They've either gone up substantially or in some cases they've doubled. The chances of this thing staying at 15 per cent is very slight. It's a new tax base in the system, and Australians should be very wary of it.

RF: What would you say, Prime Minister, to the people listening to you right now that have been unemployed for 12 months or longer? What would you personally want to say to them, hang in there, have you got any encouragement?

PM: Yes. Ray, let me make two points to you. The economy is growing again, it's growing at the moment at about 2 per cent. It's growing faster than any Western economy.

RF: ... is 1.7 at the moment, isn't it?

PM: It's 1.7, a lot of them are negative. Britain is negative and many other countries are negative. We're actually growing now over 2, we're growing more strongly I think as goes. As we move into 1993 that growth will pick up. The problem is we're running through a surge of productivity. We're getting more output from fewer people. Businesses are stripped down, they've got fewer employees and they're producing more goods and services. But after a while they won't be able to drag

production out of a given workforce, they'll have to start rehiring, re-engaging people. So once we start getting above that 2.5 per cent level, around that level, they start then putting people back on.

RF: A bit like Japan – in the boom it had to bring workers in from other countries.

PM: The place is just miles more productive. And of course the other problem is, the longer we go with mechanisation and computerisation and miniaturisation it's displacing labour.

RF: Have you only just woken up to that?

PM: No, but it means you've got to keep growing output all the time. But a lot of people forget this point. In 1983 we had a workforce of 6 million, today we've got a workforce of nearly 8 million. It's nearly a quarter bigger. We've kept most of the jobs of the '80s, about 1.7–1.8 million jobs. We've kept most of those. New Zealand, which Dr Hewson is always telling us about, has actually got fewer people in work today than it had in 1983. Whereas Australia has got 26 per cent more people in work today than in 1983. If you had to ask the question, what would you rather have, 11 per cent unemployment off a 6 million workforce, or 11 per cent unemployment off an 8 million workforce, I know what the answer would be – it's 11 per cent off 8 million. The unemployment rate is still too high, but let's not forget that we have created 1.7–1.8 million jobs in the '80s, we've kept most of them, and what we've got to do now is go back to adding to that. We'll only do that as the economy grows. It won't grow with a massive consumption tax hanging around its neck.

RF: People have rung us and said they'll be glad when the election is over. It's almost as though you and the Opposition have been in election mode for 12 months or so and while that's happening people don't see enough attention being paid to the issues. Is there too much politicking?

PM: The politicking is on his part. I came in and said the economy is not recovering quickly enough, there is a role for the Government to spend some money and spend it wisely on the infrastructure. We did that with the One Nation package – the rail system, the road system, the technical and further education system, the air system, we've been doing it. He's been saying "it's wrong, it's wrong, it's wrong. Fightback, he says, is the answer. I took a year to prepare Fightback, I've dotted every 'i', I've crossed every 't'". Two years later, one year after its presentation, last Friday he says "sorry, stop that, Fightback was wrong. It's a medium term policy, it's not a short term policy, we need more stimulus, the Government's been right. so disregard all those things I've been saying about One Nation, saying Keating's irresponsible, it's wrong, that was inoperative. It was basically right and let me show you how I can top them". Now, what are people going to say – there's real leadership for you? Here's a guy who doesn't believe in his policies. A week ago he was saying there's no role for a fiscal stimulus, and one week later he's saying

we'll have a stimulus bigger than the Government. The trouble is, Ray, I've got an opponent who doesn't believe in his policies. I can understand the public being confused, saying where do we stand here? But I'll tell them this, the Government's policy has been about pulling Australia out of the mad hey days of the late '80s which gave us the boom, and then the recession which followed it, getting back to sustainable low-inflationary growth, that's what we're doing, and that's the only way to do it. Dr Hewson proved that point last Friday by paying the Government the greatest compliment he could pay us by saying he's mimicking our policies.

RF: Mr Keating, you're acknowledged as being the ultimate parliamentary performer. You're very rarely caught off-guard, but some of our listeners ring and they don't like the way you carve people up in Parliament. I know your style and Dr Hewson's style in Parliament are completely different and he's probably an inadequate performer when it comes to the Parliament. Do you ever regret the colourful language you use in Parliament and the destructive manner in which you debate?

PM: I think it's constructive, Ray. I don't know whether televising Parliament for news has done any of us a favour. What's happened is I win the argument in Parliament by a forensic, point by point analysis or presentation of our argument, destruction of the opposing argument, at the end of it I put a political wrapper around it. The news services report the political wrapper, but they don't report the forensic argument. You can't win in the House on political wrappers, you can only win on the forensic argument.

RF: What you're saying is that if there's a news flash of a boxing match, they only show the knock-out punch, they don't show the body blows building up.

PM: They don't show the fifteen rounds. I win on the rounds, I win on the TKOs, but for those people who watch Parliament, actually watch the broadcast of Parliament in the middle of the afternoon, who see the long question times, I think they'll see it in its context, they'll hear the arguments and when they see the sting in the tail, they'll know when they see it reported on the evening news that there was more to it.

RF: But people do take offence, do you understand that some people don't like dirty fighting?

PM: There's no dirty fighting, that's just straight attack. Dirty fighting - I've had Dr Hewson's henchmen attacking me personally in the Senate all year. All year, every day, at it every day, not game to raise it in the House of Representatives, always snide stuff in the Senate. That's Hewson's stock and trade. My stock is right up front - look you straight in the eye and tell you. It's none of this snide stuff, getting someone to do your dirty work in the dead of night in the Senate.

RF: Of the election, do you regret that you didn't call the election three or four weeks back when the pendulum was swinging well and truly your way?

PM: I don't think the public respect what they think is tricky behaviour.

RF: Political expediency?

PM: Yes, I think they're entitled to make a judgement about the parties and the issues. And even though Dr Hewson shifted his ground, gone from black to white within a week, they can take that as a judgement, they can factor that in. And they're not going to be put under pressure, they can have the Christmas period thinking about things, let the stuff drop away from them and come back somewhat refreshed and think about these issues. I'd rather behave like that than sneak in a tricky way and mount an election at a time which is not the full run of the Parliament. I'm quite happy with the decisions we've made.

RF: You've been Prime Minister now for just over 12 months, you've celebrated your anniversary as Prime Minister. Has it been everything you thought it would be, has it been stimulating, has it been disappointing?

PM: It's been very stimulating. We have got the economy back from negative growth the positive growth, as I said earlier, we're growing at 2 per cent. As well as that, I take great pleasure in the fact that we've made a very big break into Asia with Indonesia and Japan over the course of that year. We've been able to do things that have not been done before, like we've established for the first time a national vocational education system for that great body of kids who miss out on university or are just not trained, they now will be trained in a proper system that will build beside the universities, to have the same strength and status as the university system. All that's happened. We're re-developing the national rail highway, which has now fallen into disrepair. We've developed the new international airline system with Qantas flying internally and externally, and Ansett flying internally and externally. This is just in the course of a year. The Prime Ministership and the Government gives one a lot of power, but the pleasure comes from using it properly for good objectives and good reasons.

RF: We do thank you for spending time with us today on our program.

PM: Thank you Ray.

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