



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
INTERVIEW WITH KERRY O'BRIEN, LATELINE, ABC TV
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KOB: Paul Keating before we go to the broad thrust of this interview I'd like to start with a couple of issues that are running at the moment, firstly your dispute with Malaysia's Dr Mahathir. Do you now regret your comments in Seattle that Dr Mahathir is recalcitrant and that you couldn't care less whether he comes to APEC meetings or not.

PM: I think the important thing is that we've had no official indication from Malaysia, that they regard, I mean Dr Mahathir apparently has gone out of his way to say that he didn't require of me any apology and that his main interest is getting on with our relationship and that's my main interest too. I had a very good talk with him in Limassol during the CHOGM meeting and since then I wrote to him the day before I left for the APEC meeting saying we would look at his problem with the Indo-Chinese boat people to see if Australia could take some of those people so it was a friendly environment. Since then I have done nothing except to keep this relationship on a reasonable keel and I think that is what he wants too.

KOB: In Seattle, the body language that was coming from you that matched the words was one of frustration. What was coming from you was frustration, it was like I couldn't care less.

PM: We have got Senator Cook going there this week, and Senator Ray. So, from the Government's point of view we are showing every willingness to maintain a good businesslike, and might I say, cordial relationship.

KOB: But that wasn't reflected in those comments. I am curious to know what sparked them. It surely wasn't just a question?

PM: Well I had been asked too many times. I must of been asked this question - I am not the only APEC attendee - I am not quite sure whether every other APEC attendee was asked as often as I was asked in the previous month or so, about Dr Mahathir's attendance.

KOB: But not every other nation has as tricky a relationship as Australia has with Malaysia, as sensitive a relationship as Australia has with Malaysia, and your Government has done a great deal over the last year or two years to try and heal previous wounds, and previous perceived slights, haven't you now put that at risk? And isn't that, given the stress that you yourself are placing on the importance of trading relations with countries like Malaysia, isn't it somewhat self indulgent?

PM: Well we are not hearing, there have been no requests from the Malaysian Government, they are not saying "we require an apology". This is all basically ...

KOB: What are the signs coming from Malaysia? He says he is disappointed.

PM: ... there is a whole lot of basic sort of media chatter about it...

KOB: Dr Mahathir himself said he was disappointed.

PM: .. in the business of feigned indignation. There are a lot of hard things been said about Australia and Australians. Now, I don't take weekly or monthly indignation at it, I don't go requiring statements to be made, I don't go expressing disappointment. That is part of, I think, part of the rough and tumble of national and international life, and I think that is fair enough. But the key thing is, is the core relationship here good and working well? I think it is.

KOB: So when you say "feigned indignation" you believe that sometimes Dr Mahathir's expressions about Australia are feigned?

PM: Let me say this, let me leave Dr Mahathir out of it. Most of the comments that come from Malaysia come from Ministers other than the Prime Minister, and from other people in the Party and the press.

KOB: But if one of your senior Ministers were to make a public expression about one of our neighbouring countries. That neighbouring country would be quite within its rights to see that as an expression of the Government. So why isn't it an expression of the Government when some of Dr Mahathir's Ministers are personally insulting to you, and Dr Mahathir hasn't distanced himself from those comments. He hasn't reiterated them, but he hasn't distanced himself from them.

PM: He has been given a chance to endorse them, and he seems to have let that opportunity go by. I think that is a sensible sign, and I am prepared to say and confirm my wish that the relationship continue as it has been going and our ministers will be there.

KOB: It was reported on the front pages of this morning's papers that Dr Mahathir had privately supported a boycott on some Australian business. Now, if those signals are real, is it worth you swallowing some pride and apologising to Dr Mahathir for any perceived slight?

PM: Well should there be a matching set of multiple apologies for the slights against Australia? I mean should there? Do you think there should be? I am asking you, that is what you are putting to me.

KOB: Well I am asking you. Is that how you weigh it up?

PM: No, I am just saying that in international affairs one has got to basically roll with some of these things, and just get on with the main business.

KOB: Another domestic issue that is running at the moment is Sports Minister, Ros Kelly's, \$30 million hand-outs for sporting facilities.

PM: Kerry, look, I am here to discuss the broad picture, I think that was the basis of the invitation, not to go down the highways and byways. Was it or not? Let's make that clear.

KOB: But as I have said to you, well what it was to do was to talk about your Government in this past year and to look ahead. And there is a contemporary issue running, which is running quite strongly about one of your senior Cabinet Ministers, and an Auditor-Generals report about whether she was pork barrelling in handing out \$30 million. Are you saying you simply won't discuss it?

PM: No, no. I am not saying that at all. I am just saying that there has got to be a nook or cranny of the Australian media who we can get across some of these smaller issues to the bigger issues. Hopefully this program remains one of them.

KOB: Well there are many people who regard that as quite a significant issue, and I am prepared to spend about two minutes out of thirty on this, if you are?

PM: The answer is, those are three or four members of the Opposition frontbench and half of one side of the corridors press gallery.

KOB: And the Auditor-General?

PM: Look, the Auditor-General is on the record, his position has been very clear about this.

KOB: How do you read his position? Do you say he has no concerns about the way that money was granted?

PM: There was no basis for political bias.

KOB: He didn't say that Ms Kelly's office asking her Department for details of electorates in which grant applications were located, but then not being prepared to put that request in writing, he didn't say that that would then open the way and lead to speculation about motives behind the selection process.

PM: But Auditor-Generals will always provide those sort of comments in annual reports. I mean the whole issue is about the propensity of these things to go to marginal or Labor electorates. Generally these are where facilities are the least best.

KOB: Yes, but you had a situation where in the first two years of this particular program \$20 million was spent, but in the three months to January 1993, just before you declared, called that election, a further \$30 million was allocated, most of it to marginal electorates. And that was a program that was supposed to run until the middle of next year, suddenly it is all allocated in three months against all previous practice.

PM: So, what's the point?

KOB: The question that has been raised is, was it pure coincidence, the timing, and the difference in the pattern that in the course of three months Ros Kelly slots in \$30 million of sports grants, questions are asked in the process of determining those grants about what electorates they fall in, and the implication has been drawn that it is pork-barrelling. Now, you are saying that it is not pork-barrelling, and you have full confidence in the way that Ros Kelly did it?

PM: I have full confidence in Ros Kelly, one. Two, there is an enormous paucity of facilities in sport and recreation facilities in this country. This program has been an important part of helping it. A lot of municipal authorities just don't have the financial horse power to do it, the sporting organisations don't, and I think a lot of these localities that have been mentioned should take note of the Liberal Party's attitude that they resent these funds being spent in those particular areas and they should well long remember the fact that the Liberal Party has not had this premium on supporting amateur sports.

KOB: There's also the matter of the Senate inquiry into Conrad Black's increased acquisition to the Fairfax Group, it was sparked by that. Is it beneath your dignity to attend that Senate inquiry?

PM: Look, Kerry, let me just endorse what Laurie Oakes wrote a week or so ago, saying it is about time we required a new, you know, millions of tax payers dollars being spent on basically wasted and worthless inquiries. Now, I am not going to be part of that charade, I made that very clear. I can't remember any other Prime Minister appearing before a Senate Committee, and any way they are loaded terms, they are rigged terms. I mean the Democrats didn't stand Dr Hewson up, the terms were to be Mr Keating's conversations with Mr Black, Dr Hewson's conversation with Mr Black. The Liberals twisted the Democrats arms, they gave up on the last term of reference. Now, ... Dr Hewson's views about foreign investment in the print media, not his conversations with Conrad Black. So, this has been put together by the Liberal Party and the Democrats on terms to suit Dr Hewson, so why should I bother with him?

KOB: Did you as Conrad Black wrote in his book, when you met him, or when he met you in January of 1992 just after you had become Prime Minister, did you say to him that you thought the previous Government decision to limit his holding in Fairfax to 15 per cent as quote, "shitty and outrageous"?

PM: No, I did not at all.

KOB: And did you indicate to him as he says you did, that he should just give you six months to allow things to settle down and you would sort it out?

PM: No. Look, I was not in the Government during the time Conrad Black was given his authority to go to 14.9 per cent. That was all done while I was on the back bench. His case to me was he couldn't manage the company on 14.9 per cent, now in the end the Government accepted that view. That Fairfax needed management, it needed capital, it needed a new printing plant, and it needed that managerial sense to be brought to it. We had to weigh those, juxtapose those against whether how much of the stock should go, and whether the national interest should be protected, that is whether or not foreign interest in these two major broadsheets and financial newspapers should be less than 50 per cent. As it turned out the Government decided that. I mean, the core thing here, the hub bub is caused by John Hewson. Now, Conrad Black told me expressly on a number of occasions, he said, John Hewson has made it very clear to me that he is completely relaxed about how much of the stock we own, they don't regard foreign investment as an issue at all. And I said what, he will let you go to 100 per cent, and he said yes, but I don't need 100 per cent, I just need a majority of the stock. I repeated that to a lunch of Fairfax editors late last year where there was Mike Steketee, and Ross Gittens and Max Walsh, and hosted by Mr Mullholland. So, I mean I am not just wise after the event, I said it at the time when it wasn't in a sense newsworthy.

KOB: But when you had that January meeting with Conrad Black, you didn't indicate to him that if he gave you some time you would fix it, you would get it up to 25 per cent, because you thought 15 per cent was outrageous?

PM: No. Why would anyone think 15 per cent was outrageous? Here was a foreign person, foreign company coming along getting 14.9 per cent of John Fairfax and Son and told by the Government in the press statement Mr Willis issued that was all they would get. Now, what I did say was that we would consider some increase which would consolidate his management. But the core matter here, Kerry, is that John Hewson attacking me and the Cabinet for agreeing to give Conrad Black 25 per cent of the stock in John Fairfax and Son when he was prepared to pass complete control of the company away.

KOB: But what he is particularly attacking you on beyond the 25 per cent is on the basis on what Conrad Black said, that you had promised him that you would entertain going higher if the Fairfax reporting of this last election was balanced.

PM: No, look, in fact Mr Black raised the question of balance. The only matter I raised was the question of accuracy and reporting. He said to me in the first conversation that he wanted to move the Herald and the Age more towards the British broadsheet standard of accuracy. And I said to him this is a good thing, this needs to happen, there should be more presentation of news and less of views. Comment that a news copy should be news copy where the reader has a chance to read. That was the matter I raised. Not in fact about the balance, but someone asked me on what basis do you get a right to consider the balance.

KOB: And you said because, I am Prime Minister.

PM: We, the Cabinet, were the deciding authority, that's why.

KOB: On deciding balance in newspapers?

PM: No, that is when we decided despite the opposition we received from the Herald and the Age, editorially, and news management terms in the election campaign, when we had to decide at the Cabinet whether we would allow Black to take ... from 14.9 per cent to 25 per cent. That was decided by this Cabinet.

KOB: Ok. When you were talking about accuracy on your version of these various conversations that you have had with him, his own accuracy leaves a great deal to be desired. He would probably say yours does.

PM: Well I think it (Black's) does. May be I have missed something, Kerry, who should be deciding these matters? The man outside Hoyts? I

mean who is the person that decides these things? It is not the Government?

KOB: It is not a question of who decides, it is a question of how things are decided, and what the perceptions are of how they are decided, perceptions that others have drawn?

PM: Well what are the facts? The facts are that this Government has limited telegraph newspapers interest in John Fairfax and Sons to 25 per cent of the voting stock, fact one. Fact two, John Hewson on behalf of the Coalition promised Black he could take his stock to full control of John Fairfax and Son, that is the objective fact. Yet he has had the hide, Hewson, to try and pin me, but now of course the game is changing, and he is going to be appearing before the Senate Committee and he will be asked a few hard questions.

KOB: And you are not.

PM: No, I am not.

KOB: You are going to say at the end of this that we have spent too much time on it, but I have got one more question on Conrad Black, did you really tell him in apparently expansive mode on the verandah of Kirribilli House overlooking the Sydney skyline after that January dinner, that amongst other things you had promoted the interest of the entrepreneurial classes against the excessive appetites of the Labor unions.

PM: Well, that's Conrad - Conrad is a wordsmith.

KOB: Well, behind the words he is saying that you took pride in the fact that you have promoted the entrepreneurs against the excessive appetites of the unions.

PM: Of course I didn't say that. Why believe that text? I mean Conrad is a wordsmith and a romantic and he writes all these things and obviously he likes people to know that he ...

KOB: He also thinks that you are a great Prime Minister and he is an extremely conservative person in terms of his political views.

PM: He is more perceptive perhaps than we might of thought he was originally.

KOB: From his conservative perspective he thinks you are not bad. I wonder ... a lot of labor people would be a bit discomforted by that.

PM: Let me just tell you this. That my conversations with Conrad Black, like any conversations I've had with any other persons similar to that are

entirely proper and juxtaposed against Australia's national interest and I have always taken the view that in these big broad sheet newspapers that our national interest is a real and live issue and we didn't pass off to Conrad Black control of John Fairfax and Sons. That is the key point. That is the key decision of the Cabinet and the person who wanted to give control away willy-nilly in his arrogance before the last election was John Hewson taking foreign visitors, the next Prime Minister taking foreign visitors. Oh yes, you want John Fairfax and Sons you can go and have it.

KOB: Well he is on tomorrow night and he will no doubt put a different view. After two years in the job ...

PM: Let me just say, Black has made it very clear in his text on a number of occasions what he said. He made it clear to me. I repeated it in December in the Fairfax board room, so let's pin that one.

KOB: After two years in the job, how would you like to think people perceive you and your Prime Ministership?

PM: That I am continuing to hammer home the issues that will set Australia up in the 21st century.

KOB: Well, if we take one of those issues - Mabo. You have got the Greens getting in the way again of what you want with that legislation, so they appear to be intransigent at this stage on that and it would also seem from public feedback from opinion polls that to the extent that you have tried to make this break through on Mabo that you have not carried the bulk of national opinion with you. You have not really carried the people of Australia with you otherwise why would so many of them be saying that they want a referendum?

PM: Well, you wouldn't know. Maybe they want a referendum to guarantee that Aboriginal people have title to their land. Some would want a referendum to knock native title over. The only time we put a referendum about whether the Commonwealth should have power over issues in relation to Aboriginal welfare, it was carried in 1967 and I have got no reason to believe other than understanding in the broad Australian community about the need to right these wrongs and to be able to address Aboriginal policy, Aboriginal issues is firmer today than it was in 1967.

KOB: How are you going to get around the Greens this time?

PM: I think the Greens are standing four square against the best interests of the Aboriginal and Islander community of this country.

KOB: But they have got two pretty crucial votes?

PM: Well, in the end they have got to cast them.

KOB: How long can you afford to wait. I mean in the end you have to wait for as long as it will take?

PM: We will have to wait until the Senate votes on it. But, in the end nobody can go hiding. They are going to have to sit on the side of the chamber where they believe their interests are, but if they sit on the side of the chamber of the Coalition they will have the result - they will have to live with it for the rest of their days.

KOB: How will you deal with the Greens next year in terms of not just Mabo, but every important piece of legislation. There is every prospect that they are going to stick their heads up and make it extremely difficult for you.

PM: I think the same basis we do with the Democrats. That is, we argue the case about the value of the legislation as we did with the Budget and we will do that again.

KOB: What is your personal bottom line on Medicare. You have effectively stopped Graham Richardson from recommending an increase in the levy for wealthier tax payers who refused to take out private health insurance. How else will you solve the problems of hospital queues and declining private health insurance?

PM: I don't think even Graham believes that a levy is going to solve anything like the problem. He himself says it is only a contributor and a fairly minor contributor. There are other strategies for dealing with that. He spoke about those over the weekend. He is talking those strategies through with some of the interested groups in this and also with the Caucus and at the right time, not too far from now, he will bring the matter to Cabinet.

KOB: But you did head that one off at the past didn't you, you didn't wait for it to come to Cabinet to have a discussion about that?

PM: Well, it had been thrown around the public debate by Graham amongst others for some months.

KOB: Well yes and you.

PM: No, no, not by me until I finally said something about it. I don't want to see a health system where there is a well off people's health system and the poor people's health system. Where one breaks away from the other, so we end up with a welfarebased wealth system where the best surgeons and practitioners are not participants and the well off, well to do health system where anyone who can afford it gets the best care. The great thing about Medicare is that it is stuck together as one

system, it is a universal. Universality is not just an easy word Kerry. Universality means that the poorest person in Australia can go into a hospital and get a very good surgeon to perform work on them and alternatively where they can go to the general practitioner of their choice. I don't want to see that get to the point where we have got basically a degraded public health system and degraded and degrading and moving away a private health system. But nor does Graham Richardson might I add. But it is a matter of how we tailor the system so that those who would otherwise seek protection by private insurance are able to get it at reasonable premiums.

KOB: OK, we are getting close to time and I have got a number of issues I would still like to get through with you so maybe we can try and do them as briefly as possible. On the republic - what is a reasonable time to allow discussions in the Cabinet sub-committee on the Turnbull recommendations before the full Cabinet considers recommendations from that sub-committee?

PM: We are not rushing to a referendum on this, I made that pretty clear. We have got until 2000 - 2001 ... in terms of our party's policy to make such a shift and I think that is going to require a fairly relaxed and protracted debate in the community. But, we have now an important document from Mr Turnbull's committee which really does shed some light upon what needs to happen for the various modes of such a change. Where before no such authoritative document existed.

KOB: But will the Cabinet sub-committee come at some point during next year, come up with some recommendations for Cabinet to consider on the basis of that committee?

PM: I don't know. I think that we will proselytise in favour of an Australian republic because in the end the identity of Australia, can only in the end, be represented by Australians and by an Australian as our head of state. I think that is self evident. And it is on those matters, I think but what you are portending is a Cabinet discussion leading to a Cabinet submission leading to a referendum sort of, A B C.

KOB: No, not necessarily.

PM: That is exactly right in that case.

KOB: But you still have a commitment ultimately to a referendum?

PM: This can only be changed by the Australian people of course. Of course I do.

KOB: More likely than not in the next term or am I going too far ahead for you?

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PM: I don't know, but certainly we would like to see it in place before the turn of the century and it ought to be in place because the country cannot I don't think, culturally draw itself together and make the kind of change it needs both internally and externally being at all uncertain about itself or not prepared to see itself governed in every way by Australians.

KOB: Do you accept some wisdom in the comments of some in the republican movement that your high profile in the game has been to some degree divisive and it has led to political partisanship which has damaged the republican push?

PM: Kerry look, before the Government took this on as an issue, made it an issue in the election campaign, an element of the policy speech this was a coffee and after dinner mint discussion.

KOB: OK, next point. I am told that the long-term unemployment task force does favour some sort of tax levy to directly fund more employment and training initiatives. The ACTU made public a very strong submission to that effect. What is your latest thinking on that?

PM: Well, I haven't got the report yet and I can't ... you are able to confirm you say what's in the report, I can't so I have got to wait until I see it. I think the key thing is ...

KOB: But you have seen the reports of the ACTU submission. What do you think of that?

PM: Well, I haven't seen the ACTU submission myself.

KOB: Well reports.

PM: I have seen reports of it - that is fine. I understand where they are coming from. The key thing is the Government said, I said in the election campaign we would not leave the unemployed behind. That is, we wouldn't march on as a society and forget them and marginalise them and that I think, is the important point. The Government will have unemployment and dealing with it and particularly long-term unemployment as a key objective in the course of this parliament and the receipt of this task force report will be central to our consideration of it.

KOB: You point out so often that your interest as Prime Minister lies in the big picture and yes, there are signs of some good things on the horizon in some important areas of the economy at least. If it is such a big, important picture out there and these really are the watershed years that you describe them as, what on earth are you doing also worrying about pictures hanging on the Cabinet wall and what sort of pictures you should have or worrying about the style of table for the

Lodge to the extent that that diverts the public from what you are on about?

PM: I am not diverting the public about this, it is this bitter Opposition. The bitterness started in 1975 while ever the Labor party was in Opposition it was there laying fallow. We have now succeeded at five general elections, we are eleven years in office and the bitterness that pervades Dr Hewson and his colleagues is so profound that ...

KOB: But aren't you handing them the material?

PM: No, no. Please don't talk over me. What they did is make these things an issue in the Parliament every day at Question Time and if they are therefore they are public issues. They are not for me.

KOB: But can you understand why large clumps of the electorate would react very negatively to an image of a Prime Minister in a time which is still very tough out there for many Australians, still nearly a million people unemployed, this image of a Prime Minister arguing about a special purchase of a particular kind of bird for the Cabinet wall.

PM: But, I'm not arguing about these things. These were literally two or three minute discussions at some stage in my life over the last twelve months - a couple of minutes.

KOB: But why should you spend that amount of money \$80,000 or \$100,000 whatever it was on a particular kind of painting for your walls?

PM: Basically because the Cabinet room was unfurnished. As simple as that. People come there, look around and the place ... whose responsibility is it for those simple tasks? Where is the authority to do anything? And it basically comes from the occupants of the executive building of which I am the head. Remember this though Kerry, this is a five minute conversation, now the fact that John Hewson without a policy, embittered over his defeat in 1993, all that front bench of his from Howard down absolutely embittered by the fact that they are facing another term of Opposition want to have Mr Connolly rifling around through these issues, it is their priorities which have been chosen, but they will have to be judged on them. Remember this, the day that I presented the Mabo legislation and the day before I flew to the APEC meeting, I had to deal with these issues in Question Time. It is Dr Hewson who you will be seeing tomorrow night you ought to put these questions on to - where is his policy framework? Where are the big issues?

KOB: OK, but you as Prime Minister and as a politician and a leader of a political party have to deal yourself with the public perceptions of your style of prime ministership and on the one hand you want us all to focus on what you are doing with APEC and what you are doing with

Mabo and what you are doing on industrial relations and on what you are doing with the republic and all these other things.

PM: And inflation and growth and all the other matters.

KOB: Well, let me put to you the kind of perceptions that are coming through and yes they are Liberal studies; yes they are Liberal surveys, but it is private Liberal research qualitative and quantitative that has been done largely in the lead up to the South Australian election which says that they record descriptions of you like 'power drunk', 'imperial', 'elitist', 'building a palace for yourself', 'intolerant and narrow minded when you are crossed', in short hand used to making ... that these people, the electorate used to make allowance for your aloofness and arrogance because they respected you as intelligent, dynamic and unafraid - there is a couple of words you might like, but in short you are seen as a man who can't manage power.

PM: If you believe Liberal party research Kerry, you are off your head. The same people who are parroting this stuff were putting that around before the last election - how they were going to walk in. The federal secretary of the Liberal party is one of the best assets the Labor party has and it is mainly because of this sort of nonsense. Don't take any notice of it. In the end, the public look for value, they know that this Government is trying to make Australia's place in Asia with APEC; they know we are trying to do the big things about our national identity including with Mabo; they know we have succeeded in restarting the economy, it is now growing at about 3 per cent; they know we have broken the back of Australian inflation for the first time in two decades; they know we are going to deal with long term unemployment - those things they know. They know we are going to protect their health system, that they know. And on the big issues it is only the big issues they vote in that ballot box, so all this stuff goes to the keeper and while it is interesting at the time and it is the stuff of press copy, I don't think it matters a tinkers cuss.

KOB: OK, last question. Very serious this one. Why do your antique mates call you 'mona'?

PM: Well, it is just untrue. It is just another bit of nonsense.

KOB: Oh, is that right?

PM: That was a Valerie Lawson thing. She dug that up, that was just nonsense as well.

KOB: I know they certainly all have nicknames for each other. Did you miss out did you?

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PM: They do, but I don't have any as far as I know and I'm quite sure I would know at this time, but of course that is all part of the colour of Queen Street or 'Konigstrasse' as they call it in the eastern suburbs. But you know, the Herald being middle class as it has been, the journal of the yuppies, this is right down the main street of yuppiedom that and the Financial Review and that is basically why these sort of pieces are written.

KOB: Paul Keating, we are out of time. Thanks for talking with us.

PM: Thank you.

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