



PRIME MINISTER

**TRANSCRIPT OF INTERVIEW WITH THE PRIME MINISTER, THE HON P J KEATING, M. P.
COUNCIL OF AUSTRALIAN GOVERNMENTS MEETING - HOBART
THURSDAY 24 FEBRUARY, 1994**

J: Mr Keating, do you think that tomorrow can achieve anything, the Premiers seem particularly belligerent?

PM: Well, I think that we've had quite a breakthrough in establishing the Council of Australian Governments (COAG). It's a departure, a new one, from the financial arrangements of 60 years longstanding of the Premiers' Conference, so that we can discuss non-financial things and we've had quite a lot of success to date. In just a short time we've established a national authority for vocational education. We're now working on the national trunk rail system, electricity - power generation and distribution - and now on the agenda for this conference is the question of competition policy across the country but including, of course, the state government business enterprise area. So, much has been achieved in a relatively short time and I think separation of the financial meeting and a general policy meeting has been a good thing. This is a general policy meeting and I think it has all of the opportunities that the last meeting has had to push this agenda a little further.

J: Well, Sir, what's your response to Mr Court's claim that you're the worst thing that's ever happened to federation?

PM: Well, I think Mr... the other Premiers don't agree because they've signed up to a national rail freight corporation, they've signed up to a national training authority, to power generation. I'm afraid Mr Court is the odd person out in this view of the role between the Commonwealth and the states. And, simply, the worst of parochial instincts won't help the people of Western Australia and that's why other premiers, generally, won't have a bar of that kind of policy.

J: If the states want compensation for implementing the Hilmer Report are you prepared to negotiate on that?

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PM: Well, it would depend on whether it was compensation of the variety which particularly affected the Commonwealth advantageously. But, if decoding that message means that the Commonwealth pays for all reform the answer, of course, is no.

J: What is the Commonwealth prepared to pay to see the policy implemented?

PM: Well, understand this... you've got to just get this right. Here we have some conservative governments and one which boasts of its conservativeness - Western Australia - and you've got a Labor government, repeat, Labor government asking them to open themselves up and be competitive in a free market economy. Now, these are the conservative, so-called market people. Yet, you've got the irony of a Labor government saying, please be competitive in an open economy. And they're saying, oh well, not sure about, not sure about that.

J: Prime Minister, Mr Court's view is that the West Australian Government has already implemented many of these sorts of competitive reforms.

PM: Well, if you believe that you'll believe in fairies at the bottom of the garden, won't you? If he can handle you that easily you're going to be a pushover.

J: If the states, tomorrow, won't agree to any of these competitive changes is there much point in continuing with these meetings?

PM: Well, that's what we said at the first meeting of COAG; and we got the electricity agenda together and we got the National Training Authority together... I wouldn't be too gloomy about it if I were you.

J: Is it a bargaining point, is it?

PM: Well, I think there's a lot of understanding for the need to - that in some of the important areas of electricity, water, gas, ports, wharves - these are peculiar things now that the states must be involved in... that the Commonwealth can't do these things by itself.

J: ...inaudible... you've got to have changes to the tax sharing arrangements or guaranteed share of income tax?

PM: That's a view. That's only a view.

J: Mr Court's eager to talk about the whole future of the makeup of the Federation, do you think it will get that involved tomorrow?

PM: What do you mean, are we going to get a history lesson?

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J: He's keen to talk about the whole future - where the Federation is heading, whether more power should be returned to the states.

PM: It will be... these have always got their element of bargaining about them but, in the end, it's pretty hard for conservative premiers who are believing in market forces to say, "Oh no, we believe in market forces but we don't really. And here's this Commonwealth Labor government coming along asking us to adopt some market forces. Now, we'll only do it if you pay for it."

J: Prime Minister, who won the day in Parliament today?

PM: I thought Dr Hewson had all the leadership eggs in his basket and dropped them all at once. It was a dreadful speech which he took on as a tactic himself, I think, against the advice of some of his front bench advisers and when they realised that he had performed so poorly they decided to blow the Parliament up so that the news story was 'uproar in Parliament' instead of 'John Hewson collapsing' in what ought to have been a relatively easy few debating points for him.

Ends.