



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING, MP
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J: Prime Minister, do you think the swing towards the Government is due solely to Carmen Lawrence?

PM: I think there are two messages here. There is a mark from the public to the Government for having sensible policies and endorsing a good candidate and there is a heavy mark against the Coalition for a garbage tin campaign having no structure and no policies. They are, I think, the two messages.

J: So, you would be expecting something similar for Bonython next week would you?

PM: I think the Government has generally taken its mandate on conscientiously and done what it could to deliver on the things that we have said matter most; such as engendering a recovery which we now have; restarting employment growth - 200,000 jobs later I think we can fairly claim that has started; settling big national issues like Mabo and now working on long-term unemployment as well as the over arching issues of our place in the world. These things, I think, the public understand and will mark the Government sensibly on.

J: What is the message for John Hewson and the Opposition in this?

PM: The first thing is that Malcolm Fraser said it all a week ago when he said ... a year after Fightback was essentially denied by Dr Hewson, we don't know what the Liberal party stands for ... The Liberal party doesn't have policies and in a campaign both in Parliament and in the by-election of personal vilification against Dr Lawrence, where the Liberal party did rip up the rule book, I think, garbage tin politics never takes you anywhere in Australia and the Australian public is quite wise about all this stuff. They go right through it to the heart of the matter: and the heart of the matter was that they thought the Government had done well enough and that Dr Lawrence as a candidate had the standing to return her with that kind of vote. For Dr Hewson it means until he decides what his philosophy is and his party's philosophy is and until he can establish some sort of relativity between that and the community, the Liberal party will continue to wallow.

J: Prime Minister, who do you think you will be facing as Opposition leader?

PM: It doesn't matter to us who we think. I have already made a comment today about Mr Howard saying he is not yesterday's man, he is almost last century's man. Only in Australia if you walked around this country looking for a 35 year old person with the views of Mr Abbott, only could such a person bob up in the Liberal party. And it is this sort of harking back to the Menzian epoch of the 1950s when the world was completely different, when Australia was essentially a mono-culture, is not and will do nothing for the Liberal party and for Australia.

J: Do you really think though that the Liberal party is, in fact it sounds like your saying, consigning itself to the margins of Australian politics.

PM: This has happened to parties periodically right over the course of this century and I think it is happening with the Liberal party. Mr Howard pushed all of the centre ground people out of the main stream of the Liberal party and if the Liberal party had to ask itself a question - did Bob Menzies do well in nominating Andrew Peacock as the young member for Kooyong and did the NSW Liberal party under Mr Carrick's stewardship do well in putting John Howard into Bennelong: the answer would have to be a resounding no on both counts because the two of them between them have rendered the Liberal party almost now an irrelevant organisation. Dr Hewson coming from a private advisory job and a financial market job to the leadership of a major political party has proved that you need more qualifications than that to make that jump.

J: Prime Minister, given all the expectation, what do you think the result in Fremantle says about the Mabo issue?

PM: I think it means that all the foreboding about Mabo, that people who think that the Australian community have lesser instincts than those that we would like them to have, Fremantle proves that wrong. That is, that the community has felt good about Mabo. By and large they think a good thing has been done and while it has had its trials and its tribulations and still got teething problems in the application of the legislation, I think, a result like this in the heartland of Western Australia and Perth gives lie to the claim that the Western Australian people in some way are biased against Aboriginal Australians.

J: One year on, are your ambitions for the next few years as great as they were in terms of Mabo, the economy.....

PM: One of the things that I most want to do in the next two years is excite young Australians about their future. And that means their future in the world. And the Government is getting Australia set, it's getting set, getting Australia set in Asia - in the place where we live, the place where the opportunities are, in the place which will give Australians interesting secure and well paid jobs. That I think is something that I'd really like to see happen. As part of that we have now got a tremendous roll on in getting our links into Asia, and just soon I'll be making a visit to Thailand, Laos and Vietnam, and later in the year I'll be attending the next APEC leaders' summit with President Soeharto and President Clinton and others in Jakarta. It is important I think that Australia's stewardship of APEC, that we keep up the momentum of change, and that we find when we look at any conversation like this one year after the next election that Australia is well and truly well placed in the Asia Pacific, and our community knows it, and is feeling the buoyancy of it. That in the end is what I think the next couple of years are going to be about.

J: You've hinted at a policy job for Carmen Lawrence today and some other changes. Are we likely to see some changes in the actual structures of the ministry rather than just the personnel?

PM: You all are well aware now when you move one place in these Cabinets a whole lot of other places move. Now I'm not proposing in the event that Dr Lawrence is chosen by the Caucus a major reshuffle of the Cabinet, but it will obviously mean some changes. But I think Dr Lawrence's standing as a former Premier, her standing in the Labor Party, and might I say her standing with women in this country demands that she have a policy job.

J: What sort of policy job?

PM: That I'll tell you later.

J: There is a bit of tidying up to be done though isn't there? The ministry's certainly not in the same shape it was when the super ministries and so on....

PM: Because I think things move on. When we had transport and communications together it made sense at the time, the big issue then was telecommunications reform and reform in some areas of transport. That is now passed. Communications issues today are much more finely textured issues. Transport is now changed away from simply the privatisation of the airlines down to things like rail and road and these things, and again there are going to be a different set of specialisations. So therefore the super ministry is not right for now. So I think the country changes, the issues change, and the structures have to change to accommodate them.

J: Prime Minister are you convinced that Australia can now handle four per cent plus growth without it spilling into inflation...

PM: I think so. I think that we have broken the back of inflationary expectations, which is the important thing. That's not to say though that the Government or the community can be cavalier about inflation. I think we will always need to be vigilant about inflation. But the notion now that we should put our foot on the brake just after we've got the economy growing, while we've got a lot of unemployed resources, or under-employed resources both in people and in capital stock, is too gloomy a view to be contemplated. And now's the time to actually let the growth move through and to take that up, but keeping our eye on inflation as well.

J: What's your message for the markets which don't share your optimism?

PM: In the end the Government will always have a better hold on the productivity cost inflation picture than the markets will have, because simply we know more about wages and we know more about what's happening in these particular indices. And what we have said about inflation over the years has been more right than a lot of people in the markets have been I think. So what we say is now is not the time to see interest rates rise, but in saying that, that's not to say they will never rise because we will always keep a very weather eye on inflation.

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