



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
INTERVIEW WITH SARAH HENDERSON, 3AW, MELBOURNE
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SH: Mr Keating, could I start by asking you about Bronwyn Bishop, she's made some comments this morning about tobacco sponsorship and about the fact that perhaps there needs to be a case made out that tobacco is a dreadful product. What are your views about this?

PM: Well, this is a debate which was won 20 years ago. And, this is the point I've been making all week about the supposedly new-look Liberal Party - this is the old-look Liberal Party with all these old-look views. And, Mr Downer's given this important job in social policy, health, to Bronwyn Bishop and her first utterance is that she supports advertising of cigarette products knowing that the target of the advertising is essentially young men and women who the cigarette companies want to recruit to their ranks. And, the linkages between cigarette smoking and cancer and other deleterious effects are so obvious that beating that kind of a drum when the debate was over so long ago, I think, means that Mr Downer has made a mistake in giving her the job.

SH: She's been in the job for less than one day, should she go?

PM: I think she ought to go, yes. What point of credibility is there for somebody who is an experienced political person saying, in a key job like responsibility for health in a Shadow Cabinet, debating, whether or not tobacco is deleterious to people's health. And, arguing that because it's sold legally they ought to be able to advertise it. It's outrageous. It's just, simply, outrageous and I just think Mr Downer should say, "Look, Bronwyn, I'm sorry about this but you just, simply, ought to have more sense and if you haven't got that much sense, goodbye, I don't need you."

- SH: Mr Keating, could I raise the issue of business investment with you. There are obviously fairly alarming figures for the government, the whole premise of the Budget is based on the estimate that there'll be a 14.5 per cent increase in business investment, we've just heard that it's now down by five per cent. Were your predictions about a turnaround in jobs and also of four and a half per cent growth now have to be revised?
- PM: No, we think they, these are quarterly numbers and they dance around all the time, but even this number is on track, as the Treasurer said yesterday, with the Budget forecast of 14.5 per cent. The 14.5 per cent for this stage of the economic cycle was reasonably down beat on the Government's part. You saw last week we published the profit numbers for the quarter, it's the highest share of national income going to profits in our history. You've got low interest rates, a very good labour market...
- SH: The problem with low interest rates, of course, is that Bernie Fraser has predicted they will increase, now if they increase surely that's going to be a bigger deterrent for business not to invest and make it more difficult to get that 14.5 per cent business investment.
- PM: The profits are so big, everything is propitious now for a reasonably strong surge in investment and we're seeing it basically come through in employment. We've already had 243,000 jobs, from memory, 243,000 in the last 12 months so the economy is set up - I've never seen a better conjunction, in the 25 years I've been in public life I've never seen a better conjunction of economic data - with inflation, with growth, the profit figures, of course the growth in exports, it's all there happening right now.
- SH: Is it true though that if you don't get this 14.5 per cent in business investment that you're not going to get the growth and you're not going to get the turnaround in jobs, certainly not 2,000,000 jobs by the end of the century.
- PM: It's not all based on business investment, there's housing, there's still a strong contribution from private consumption, business investment is just a part of the growth forecast for the year. But, as I say, we've got realisation factors in there on the investment expectations data way below the 1980s outcomes. Let me just go through this point again - we get expectations data from the statistician who polls business and talks to business and he publishes those. Governments generally then pick a realisation rate in making their forecasts, that is how much of the expectation will actually happen. We've got the realisation rate in the Budget way below what actually happened in the eighties.

- SH: Could I perhaps just point you to the Budget papers because in fact, Treasury does say that the central feature of the economic outlook is the substantial pick up in business investment...
- PM: That's right...
- SH: And that's very much predicated on your whole prediction, isn't it?
- PM: I know, but I don't think you look at one quarter's numbers and say, "Well, that's all wrong." I mean, that's the point you're trying to make to me and I'm rebutting the point.
- SH: So, you're confident that that's going to turn around?
- PM: Well, look if you don't get a surge of investment out of a profit share this high, a dollar this competitive, a labour market this competitive, a productivity culture like we've never had before you'd just have to put your glasses down and say, "When would we ever get it?", wouldn't you? If the profit share is at records beyond any historical experience, and it is, how high need it go, therefore before we get business investment? If people are arguing we won't get business investment now, what, therefore, is the solution? Of course we're going to get it.
- SH: Mr Keating, how concerned are you about criticism of the Industrial Relations Act given that there has been a major backlash by employers particularly over unfair dismissal provisions? And, also, Laurie Brereton has conceded that a review of the Act will be required within the next six months.
- PM: Well, I think that what the Government has done here is what needed to be done 20 years ago in Australia. Can I just say a couple of things about the current political environment and the labour market because these points are worth making; Malcolm Fraser is out there this week as happy as a sand boy, he's got his person up as leader of the Liberal Party, Mr Downer. He's now arguing, writing articles, going on radio and television, arguing the kind of case that a kind of country, kind of policies that Malcolm Fraser always believed in. His government was an absolute blancmange of a government that stood for nothing and reformed nothing, including the labour market.

This government has had the difficult job of taking a rigid, centralised wage fixation system and decentralising it. And, we've done that by moving away from centralised wage fixing and seeing within-sector flexibility introduced. This has come in two ways: full enterprise bargaining for a grass roots investment say, like an industrial agreement like the Federal Hotels or Toyota where there is a new plant or a new industry is making a cross industry arrangement - there is a new agreement between the employees and the employer about improving productivity and splitting that productivity between

profits and wages. In the reforms introduced last year we've also introduced within-award flexibility, that is, the people covered by federal awards, now, an employer without reference to a union can sit down and negotiate with their employees and cut a new arrangement to improve the productivity of the business. Now, these are vast changes and if you look at the states, some of them are beating the drum about labour market changes - like the Kennett government or the Fahey government in NSW - the federal government has a massive number of industrial agreements now done, Enterprise bargains under federal awards, the states have got nearly nothing. So, we're the ones at the cutting edge of this change and you've got people like Mr Howard and others coming out arguing a case against us when their party, in government in Victoria and NSW can't even start in this area - can't even get a foothold.

SH: I know on this program I've actually had people calling in, saying, "Look, I would like to employ people, the traineeships are there, but the unfair dismissal provisions of this new Act are just too much of a deterrent, it's too much of a liability." Would you consider in this review, looking at those again and perhaps modifying those provisions.

PM: Laurie Brereton has said - as with all path breaking legislation, the whole package - that he will review it. But, you know, there will always be some people who will say, "If it wasn't for this, we would do that... If it wasn't for the exchange rate, if it was competitive, we'd actually invest", so you give them a competitive exchange rate. "Oh, if it wasn't for the low profits, we would invest," so you give them a high profit share. "Oh, look, if it wasn't for the tax system, if it wasn't for the high corporate tax rate," so you give them a 33 per cent corporate tax rate. "Oh, if we had faster acceleration depreciation we'd invest in plant and equipment," so you give them rapid acceleration depreciation. "Oh, if we had an investment allowance we might consider investing. If we had enterprise bargaining," yes we've given them enterprise bargaining. "Oh, well, what about...?", you've got to say hey, hey, hey, come on...

SH: So in this review would you consider looking at these particular provisions?

PM: What I'm saying is we're not going to be run by people who are basically offside politically, trying to market themselves as people who are, that is, people who basically barrack for the Coalition trying to make a point. In terms of the practical operation of industrial laws this review Laurie Brereton is speaking of will encompass these things. But, there can be no apologia for people not investing in a climate, last this conducive, probably thirty years ago.

SH: Could I just address this specific provision though, because this has been a major sticking point, particularly for the Australian Chamber of

Commerce. Would you consider in this review looking again at the unfair dismissal provision?

PM: Well, that's up to the Minister for Labour but I'm sure, given that there have been a number of organisations which have raised this with him, he will look at it, I'm sure.

SH: Mr Keating, we may need to take a quick break, would you mind staying with us for a few minutes and then we'll be back to talk about one of your favourite friends, Alexander Downer.

SH: Mr Keating, let's talk about Alexander Downer, some people are saying that your attack on him and his class and his background...

PM: Hang on, just let me get this right, his attack on me.

SH: Well, you have had a fairly vitriolic attack on him...

PM: No, no, no I haven't

SH: Let's just say, on the Adelaide Club and his background and the fact that he's come from a very wealthy background embellished in Liberal roots. Do you think that this has backfired, considering that you are very much entrenched in things such as Zegna suits and ...

PM: I'm very much entrenched in the Family Allowance Supplement, the Child Support Agency, supplementary payments for low paid women, Medicare, occupational superannuation for the low paid workforce, they're the things I am entrenched in, you see, and I'm not going to have people say that a decade with a social record of the kind of commitments I have to working Australians, men and women, particularly on low and middle incomes, are in some ways passed off or diminished because I happen to be able to admire a picture or something.

SH: I can understand your view..

PM: Let me just make this point though, you've made a point about a vitriolic attack - I didn't attack him at all. What I said was, all I had to do was play back to Alexander Downer, John Hewson's words about the Melbourne Club and he went off like a fire cracker. I mean there is no steady hand at the wheel here. He went straight on television talking about my house in Sydney. I never mentioned his house or his private assets, never. But this is what these Liberals do. Mention a policy thing and they straight away go at you personally. What I said was if he wants to talk about, seriously an inclusive society he should resign from a club which excludes half the population. That is the point. I mean, how can anybody in 1994 support an institution which bars half the population and be out there talking about inclusion. In

other words, I'm making a social and political point. This is not a class point, this is not vitriol, it's making simply ... I mean, people these days don't seem to know what vitriol is - it is making a political point. That in this day and age to say to women you can't be in this club ... I mean, he made the point he said 'oh, I guarantee you Keating has never walked into a club'. I've belonged to a club in Bankstown since I was 21. I've been in it thousands of times. It has got 25,000 members - men and women - it is etched in the Liberal party's consciousness because it was there that I claimed victory in March last year - the Bankstown Sports Club.

It is repugnant to me that this notion of exclusivity that these people have should be that they can bail themselves up in clubs which exclude women and then be out there on the political hustings talking about inclusion. It is simply making a political point.

SH: I understand that you don't like commentators and the media focusing on your personal assets and on your wealth and that's quite understandable. Is it not perhaps fair game to stay away from the personal attack and concentrate on the policies?

PM: Exactly, but what personal attacks do you mean?

SH: Well, you are talking about his wealth ...

PM: I have never mentioned his wealth and I have never mentioned his house. I wouldn't know where he lives.

SH: Well, you are painting it very much as that's how ...

PM: Understand this. Alexander Downer went on two television programs the night after last when I had the temerity to repeat what John Hewson said about the Melbourne Club being critical in his selection, that is, the inner sanctum of the Victorian Liberal party, Malcolm Fraser, Staley, Ron Walker, Andrew Peacock, all these people, Jeff Kennett, and when I said that what was his response? 'Oh, Keating lives in a house in Elizabeth Bay with outlooks to the harbour' - which it doesn't have. You know of my investment in a piggery, my first and only one in 22 years of public life. I mean, the fact is, as soon as you raise a political point against these characters, they are so thin skinned they go off like a cracker. And he went off with an attack on me. And then the next day I said well, hang on, you're talking about inclusiveness, do you think you can really talk about inclusiveness with any credibility when you belong to a club that won't let half the population into it.

SH: Can I read this letter to you. This is a letter to the Sydney Morning Herald and it is by someone named ... 'if Mr Keating believes Mr Downer should resign from the Adelaide Club because it does not omit

women, then shouldn't he resign from the Catholic church. Its refusal to admit women to the ministry is also sexist or are there different interpretations where Mr Keating is concerned? ...'

PM: Look, I'm not here to have a religious discussion about the Catholic church. The fact of the matter is in this day and age I spent my life trying to look after the interests of lower and middle income Australians - giving them access to health, to employment, to a decent social security system, and to decent income support in things like the Family Allowance Supplement, the Home Child care Allowance and more recently, of course, in the White Paper where we are picking up the long term unemployed. Now, my credentials are as clear as day and nobody is going to diminish those in a decade of social reform by making some reference to me and a French clock. It is just nonsense. But the simple point is this, that if Mr Downer seeks to be running the notion of inclusiveness, he's got to understand that you might get away with belonging to an outfit like the Adelaide Club when you are a backbencher, but if you are the leader of a major party, you can't go out then and say I'm interested in the interests of half the population of women, but by the way, I won't let one of them into my club.

SH: Could I just ask you this and this is a question that has been raised by a number of financial commentators talking about personal background and issues of wealth. A number of commentators have actually said that in fact Mr Keating is a far more wealthier man than Mr Downer.

PM: That would be patently untrue. Remember this, for eighteen months in the last Parliament, every sitting day for nearly two years - twenty months - I had Senators at the behest of Dr Hewson asking questions about my investment in a simple piggery. Now, that has never happened. The Labor party has never done these things. They are villains these people and they never stop it. But the fact is look, Mr Downer is now leading a party, he's had the job two days - a couple of days - he presents it as a new look team, it is an old look team, he's got three former opposition leaders, he's got John Hewson saying yesterday that the front bench was chosen from Downer/Costello supporters, he intends to speak widely on any policy matter and particularly economic matter that comes his way, he was critical on the diminution of the number of women in the front bench and you've got Mrs Bishop out there today with her outrageous statements about cigarettes. What you are going to see very quickly here is not a smooth change in leadership, but the same old Liberal party we've seen before. That is, people claiming territory as Dr Hewson is already doing. Mr Downer is saying it's a leaner party. He's got 45 people on the front bench or as Parliamentary secretaries, he's got as many people that voted for him. The antithesis of discipline is to give virtually everybody who voted for you a job in the executive.

- SH: Mr Keating, would you like to see the personal attacks on both sides - from the Prime Minister and from the Leader of the Opposition - taken out of politics given that Mr Downer has accused you of starting a class war on this issue?
- PM: I reject that absolutely. What I've had the temerity to do is repeat what John Hewson said and John Hewson said "this choice next week" - he said this last Friday - "will be between a party which is open and inclusive, a leader which is elected on that basis or one selected by the Melbourne Club" or the Melbourne business and political establishment - that's what he said. I had the temerity to repeat it and I'm not going to, in a sense, in any way resile from making this point clear to the electorate, just where Mr Downer has come from. Now, let me just say about political attacks as distinct from personal - that is, references to ones home, money, that sort of thing - I've suffered more of that than any one in public life over twenty odd years.
- SH: Well, would you like to see that changed?
- PM: All I'm seeing here is Mr Downer just picking up the threads of where Dr Hewson left of. Within an hour or two of him getting the leadership, what's his first to reference to: my house in Sydney?
- SH: But that was only in response to your criticism of his membership of the Adelaide Club.
- PM: But, not his house or ... Look, if I can't get this through anyone else's head, I'm determined to get it through yours. Not about him personally, it is about his position in society and the exclusive position he claims to hold in the nature of his selection. This is a political point. It is not a personal point. That's the point.
- SH: Mr Keating, can I raise something else with you. This is a report in the Herald-Sun. Can I just read this to you '... after a sumptuous dinner at the Lodge one night, Paul Keating ordered the staff to lay out all the antique silver cutlery on the table because he wanted to play ...
- PM: I saw that, that's from Niki Savva.
- SH: I just wanted to find out ...
- PM: Look ... its headed "Downer Wins in a Class War' from Niki Savva.
- SH: But, let me just explain to people what I'm talking about ...
- PM: Niki ... laying out all the silver antique cutlery - there isn't any in the Lodge for a start. I mean, the Lodge was built in 1927 and anything that goes ...

- SH: We just need to explain to people what we are talking about. The gist of the story is that there was a guessing game on the make and the origins of the silver cutlery in the Lodge and I was curious to know whether, in fact, that was true?
- PM: No. Look, the thing is, 'Downer Wins in a Class War' says Niki Savva. Niki is basically an apologist for the Liberal party and she is going to fall in behind Mr Downer wherever she gets an opportunity and this piece is just another one of those.
- SH: So, there were no guessing games with the silver cutlery?
- PM: No, the thing is look, the fact of the matter is this, and to what point. Let's say to what point.
- SH: I'm simply asking you ... I mean it seems an unusual sort of dinner party game ...
- PM: And see what she says. She goes on to say 'his opponent was the Queen'. Well, I've never had the Queen to the Lodge. The Queen has never been to the Lodge. So, Niki's husband is a key member of the Liberal party, so Niki writes what comes from the federal secretary or her husband.
- SH: Do it didn't happen?
- PM: It is just not true.
- SH: Can we end, we've only got a few minutes, can I end by asking you about D-Day. On 6 June you will be attending a monument to typhoon pilots. You, of course, were fairly young and perhaps too young to remember the war. What does D-Day mean to you?
- PM: What it means to me is, I think, the triumph of the democracies over totalitarianism and fascism in Europe and the fact that it was typified by the largest military assembly of military might and a landing at a point to reclaim Europe so dramatically, so pungently, if you like expressed in that military operation. I think, it says, perhaps encapsulates what the Second World War was about first of all the encroachment on countries and then their conquering by Hitler. The fact it then had continental Europe bar Russia, of course, tied up and then the repulse coming from the D-Day landings. So, in many ways, I think, if one has to have a mind snapshot of the liberation of Europe and the triumph of the democracies over fascism it is D-Day.
- SH: And what role will Australia be playing in all of this?
- PM: I was invited by the President of France and the Prime Minister of Britain because of Australia's involvement in the Second World War

generally in Europe and, of course, in two wars in Europe within 30 years. In Europe and for the Battle of Britain, in the Middle East and, of course, as you know the Pacific.

SH: And, do you think this will renew a lot of the thoughts and the memories that Australians have of that time, do you think that's going to be a major stumbling block in recognising what role Australia played.

PM: No, I think that the 50th anniversary celebrations of heroic deeds by Australians or remembrances of heroic deeds by Australians in Papua New Guinea, in Singapore, throughout South-east Asia, in the defence of this country which occurred, of course, in the last 12 to 18 months, of the period of assault between 1942 and 1943, so, for the last two or three years we've had a role, if you like over a three year period, a role in the 50th anniversary. That plus the Entombment of the Unknown Soldier, I think, has brought back vividly to Australians the courageous role Australians have played in defence of liberty. This was never about a centimetre of Australian soil. We've always gone out there and fought because we were indignant about the way others are being treated. This is most particularly so in Europe.

SH: Mr Keating, we'll have to leave it there. Thank you very much for coming in today.

PM: Thank you, Sarah.

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