



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
AND THE PRIME MINISTER OF NEW ZEALAND, THE HON J B BOLGER
MP, DOORSTOP, PARLIAMENT HOUSE, CANBERRA,
WEDNESDAY, 6 JULY 1994**

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PM: I might say a few things first and invite the Prime Minister to also say a couple of words. I would like to begin by saying I am very pleased to see the Prime Minister in Australia. We've had a very good and useful talk this morning for quite a long time, ranging over a number of subjects, and we've just had lunch with members of the Cabinet and we'll be meeting further this afternoon. We had a very useful discussion about our role, our joint role, in the Asia-Pacific, about APEC, about the prospects for APEC, how the debate's going, how it's developing, about the development of further linkages between Australia and New Zealand and the ASEAN group of countries, particularly in their free-trade area, AFTA, and potential linkages, or the prospects I suppose you'd say, of linkages between AFTA and CER, and how we might best progress that discussion, what value we see in it for ourselves, how we might participate. We discussed then some bilateral issues - I think we agreed that the relationship between Australia and New Zealand is in very good shape - we just dealt with a couple of issues in the last year that were around for a while, that was an agreement on Social Security payments, we've just come to a settlement over compensation payments to Nauru Island and then we went on to have a discussion about the trans-Tasman aviation market and also about audio-visuals, and the capacity to enter this market with the appropriate accreditations for products, audio-visual products made in New Zealand. I think that's it in a nutshell, and I'll invite the Prime Minister to add to those remarks.

JB: Certainly, and good afternoon. I just want to confirm what Prime Minister Keating has said - that the discussions were very constructive, they were warm. I think the fact that we spent a lot of our time on regional issues - APEC, the forum, links between, or possible links between the ASEAN free-trade agreement and CER - demonstrates that the relationship between the two is a very mature relationship - between New Zealand and Australia, and there are not many additional items that attract immediate attention that we have to deal

with. There are some that are on-going that Prime Minister Keating has touched on - the aviation issue, TV quotas, audio-visuals and the like - delighted that when we do come together we can progress some of these issues and that, as the Prime Minister said, last year we had to resolve the issue, or make progress on the issue, of Social Security compensation to Australia for New Zealanders that were here. We've been able to do that, we've been able to reach the agreement necessary on compensation to Nauru, so it's been very good. If I say it's the type of meeting I think we should have on a regular basis, as we've agreed. No great fuss or bother, we just sit down, discuss one or two issues that are important to both countries and that are important to our region. So that's what we've been doing.

J: Did you discuss the twin republics, and if so, what was said?

PM: No, we didn't.

JB: No.

J: Why not?

PM: Well, we had other things to discuss, that was the point.

J: Did you discuss the single aviation market? Did you make any progress?

JB: I believe we did. We discussed, of course, the single aviation market when Prime Minister Keating was in New Zealand last year. I think what we would agree is that we haven't seen enough progress on it and there are some quite valid reasons why it's been difficult to advance, but we do want to see it advance, even though there are difficulties. So we want to see that. We know there is some issues to be resolved, that flow from the Memorandum of Understanding, and all of that. So we've had quite a good discussion.

J: What are New Zealand's views on that?

JB: Well, Air New Zealand's got a view as to what on-rights should be available to it, and the like. There's obviously two views on it.

J: Mr Keating, what are Australia's problems...with a single aviation market?

PM: Well, I think we see, I mean, Australia and New Zealand have moved a long way with an open product market. We haven't been as successful in services. As you remember, the former government of New Zealand sold Telecom New Zealand to a couple of American companies, and we haven't had the integration in electronic communication, and telecommunications, that we might have otherwise had, and I think we

are therefore more mindful of how we need to progress and succeed in doing something similar, that is successfully, with air transport. There are a lot of balls in the air at the moment with air transport, we've got the government of Australia's intention to sell Qantas, and a float coming up. We've got Ansett now emerging as an international carrier and stabilising its domestic balance sheet and its domestic services; and Air New Zealand's participation in the Australian Market and a view about what sort of airline system Australasia needs to service it in the long run. Now, I think they are fairly complex issues and they're not really open for, sort of, simple resolutions.

J: Mr Bolger, is it possible for a conservative leader to be in favour of a republic? And, the way the debate is going in Australia do you think New Zealand might beat us to a republic?

JB: Despite, I'm sure, your ambition or the Australian Press Gallery's ambition to embroil me in the Australian debate, I don't intend to get in it. Can I just say, in answer to your query, that I have set out a view that New Zealand will eventually follow. I have set no particular time frame on it and it is a view that is now being discussed in New Zealand with no particular heat. I have set out my views on the issue, I know there have been views set out here in Australia but I don't intend to get into those ones.

J: Mr Keating, do you think New Zealand might beat us to a republic?

PM: Well, I don't know, that is a matter for New Zealand. I think the Prime Minister has taken to this subject with alacrity and good for him. In our country, of course, we've got a debate now and we've had a mature debate going but, again, you see the leadership weakness of the Opposition. Mr Downer's leadership weakness. I mean, he is on radio and he is on television, he has words everywhere but he has no policy anywhere. And, he has no policy on this and now he is being contradicted within his own party, on the republic. Let me just say two things about that, there are two questions about the republic. The first question is when the question is put, "Do you believe in an Australian republic?", if the answer to that is in the affirmative you go to the second question, "How do you do it, what debate is there, how do you participate in it, how does it come off?" But, what Mr Downer has said, in June, on 2UE is, "I am opposed to an Australian republic." So, in a sense, he has disqualified himself from moving to question two, that is, how it is done. Now, ~~as~~ he has got the problem within his party...

J: But he has challenged you...(inaudible)...

PM: There is no good him pretending there is something in my position that prevents him from showing leadership. The first issue, the first issue of substance in his leadership has come upon him and he is all over the shop. He has no policy and he has, on this issue, no strength

other than to say that he is not in favour of the republic. Now, as far as the government is concerned, we've already moved to question two. We've got a cabinet committee looking at the issues in the republic and the modalities of a shift to a republic and we've published and set up a committee to look at the modalities of a change - the Turnbull Committee - and, it has produced a report. And, the best thing I can say to Mr Downer is, "Get a copy of the report." He can get a copy from the Bills and Papers Office, it's freely available and he can go and take it.

J: That's not the government's position though, that is just a committee report. Mr Downer is saying, "When are you going to come out and say what you...?"

PM: Let me just say this; Mr Downer said, "I am opposed to an Australian republic." That means he has disqualified himself from participating in any debate about how it might be done. Is that right or what? The second point is that the establishment of the report was part of the government's election strategy at the last election. I said this, I took the position of leadership and said the Australian Labor Party believes Australia should become a federal republic. And, we set up an expert group, headed by Mr Turnbull, to produce the first piece, what is the first piece of paper in this country, which looks at all the issues. Now, that report has been presented, the government is now considering that report. But, the opposition, you know, all over the place. Mr Downer has shown no leadership whatsoever. Words, transcripts, but no thoughts.

J: He said you don't have the guts to set out a detailed position, when will you do that?

PM: Well, he is the one who is not in favour, look, let me just read you the quote, 3rd June, 1994...

JB: He came prepared.

PM: "I'm not in favour of the republic," so, where does it leave him on the republic? It leaves him barracking for the Monarchy. But, he knows, in his party, a great many members of his party do not support the policy. But, he also knows that if he shifts he also has to deal with Mr Howard and others. So, the government is moving well and truly in its discussions and has moved on to question two.

PM: ... having decided in the affirmative, yes we want a republic, and that's the Government's view, we've moved the question two. Mr Downer hasn't even moved past question one.

J: ... (inaudible) ... (when will the Government respond to the Turnbull report??)

- PM: When the Government considers its position.
- J: New Zealand has considered joining or has examined joining a free trade agreement with Chile. Is that likely to progress and what would that mean for New Zealand ...
- JB: Well, I'm sure it will have no down side in any relationship, any relationship we establish with Chile will have no down side on the CER relationship with Australia. That idea is being considered. Officials have had preliminary talks, they've gone no further than that. We see some benefit in it, but it is very early days. We just need to see where a progress of what the substance of it might be and then we'll make a decision.
- J: Mr Bolger, tomorrow you are seeing how Transfield is getting on building the patrol boats, is it an option for New Zealand that rather than build a third or fourth Anzac frigate, you might, in fact, buy patrol boats?
- JB: Not being considered. We don't have to make a decision on the third and fourth frigate for some time yet. So, that issue just simply hasn't been addressed in New Zealand.
- J: Given that you're both keen on a link between CER and AFTA how long do you think it will take to achieve that?
- PM: I don't think either of us could say. I think, it is a matter of ... this is not a necessity for Australia or New Zealand. I think, we agree, we think it is a good thing. Therefore, because we think so, there's a case for progressing it sensibly by talking to ASEAN leaders and to see what is in it for Australia and New Zealand and what is in it for our potential partners.
- JB: The speed of progress will be substantially, in my view, and I think Prime Minister Keating agrees, be determined by the ASEAN nations. If they believe it is a good idea, what time frame do they think it should occur over. And, we again, are in preliminary discussions. We both agree it is a good idea, we've both said that publicly, we've both had the opportunity to talk one to one with ASEAN leaders so, I think, it is a good idea that we should just quietly take it forward.
- J: ... (inaudible) ... (Australia's concern with the level of defence spending in NZ??)
- PM: The PM and I didn't discuss it at this meeting, but as we were walking out I said we probably will say something about it together later this afternoon. I think our position on this is fairly clear. We think that Australia and New Zealand should maintain and be able to maintain

core competencies and a core capability in defence spending and the Prime Minister knows my view about this. I said so when I was in New Zealand and I don't have to say it this afternoon to him. I've just said it now.

JB: And you don't have to say anything more, but we probably might have a little chat. The simple fact is I said in our discussions last year in Wellington that the Government was committed to keeping spending at about the level it was. We have and we will.

J: A question to both Prime Ministers. The US federal reserve decision on official interest rates in the US. What 's the impact on ...

PM: We don't know what decision that may be so why speculate about it?

J: Mr Bolger, how is it in New Zealand your country is able to have a reasonable rational bipartisan approach to the republic ...

(Dennis Grant: We're like that....)

JB: Mr Grant who has been in your country for some time has given you the answer. No, I think, the answer is that the debate has not advanced as far in New Zealand as Australia and what way it will develop, I think, is yet to be determined. But, what one must observe is that all the political leaders of New Zealand even in quiet voices do agree.

J: Mr Keating, on the republic. How do you feel about the fact that you and Dr Hewson may end up on the same side on this issue?

PM: Well, I was inviting Dr Hewson ... you remember I made what I thought was an open political offer for his Opposition to join with the Government and make the transition for Australia from a constitutional monarchy to a republic. That offer at the time was rejected. The Government then went on to establish the Turnbull Committee and it is now going on to consider those outcomes. But, even late repenters we're very happy to see them on board.

JB: Can I go back to the early question, because I may have left it slightly understated there. I'd have to say there's an awful lot of parliamentarians on all sides of the Parliament who don't agree however.

J: Did you discuss New Zealand's warmer relationship with the United States ... (inaudible)

PM: No, we didn't. We think this is a matter between New Zealand and the United States. It's not our business and I'm very glad you think, and

it's generally afoot, that there's a warmer relationship between the two countries. I'm sure that's a very good thing.

JB: It is and it is warming and the relationship between myself and President Clinton is a very positive one and I think it's very good for not only New Zealand, but I think it's good for our region.

J: ... (inaudible) ...

PM: We've been discussing this ...

JB: I was just going to say no, that won't happen. Relax. Thank you.

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