



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
ALP NATIONAL CONFERENCE, HOBART, TASMANIA
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PM: Well, I thought I would give you some impressions of mine, of the conference and give you a chance to ask some questions, if you wish. We're getting towards the end of it and this will be probably the last opportunity to get something to air for news. The first thing I would say is I think the conference has reflected the general policy unity in the Labor Party and the general willingness to apply the task of getting things done to move the Party into the next three years. These conferences are on every three years and there is, I think, something which was commented on through the week, a generally business-like attitude by the Party to its work. Some have said it is too dull. Well, the fact is, it is about making the policies. A lot of these debates are had earlier, as you know, and you can say lots of things about the Labor Party, but never that it is dull.

There are a couple of what I call headline issues, which will come out of this conference. One, in particular, which I think will be around when all of us are gone and that was the decision, a very historic one, to increase the representation for women in the parliaments. That is the keynote change of this conference. That is the one that will change the character of Australian politics, it's the one which will lift the opportunities for women to participate in the parliaments of the country. So, this, I think - and I will come back to it in a moment - was a very historic change, and one that I think we had to have a rule for. Not a principle, but a rule. And, as a consequence, we have a rule.

The next major issue was the privatisations. This has always been somewhat of a difficult issue for the Labor Party. Of course, we've had a number of these debates, we had it with a competitive Telecom, we had it with the privatisation of QANTAS, we've had it now, again, with the privatisation of the major airport assets of the country. In agreeing to it, it will mean that we will be able to expand airport facilities to meet tourism in particular, which is growing rapidly. We are in the fastest growing part of the tourism industry world wide, in the Asia-Pacific.

The growth in tourist destinations to Australia is profound, and we really need the asset growth in these particular investments and they would not have come from the Commonwealth Budget. They need to come privately and they now will. But, as well as that there will be a yield to the Commonwealth Budget which is coming from the proceeds, which is important in the Government's medium term fiscal strategy. Now, this was a must issue for the government and one which I am pleased to say, the Party faced up to, and sensibly. But, I will come back to it if you like.

Industrial Relations, again I think an acceptance of the directions the government has been taking. I was very pleased at the embrace of enterprise bargaining which was part and parcel of the amendments and the debate, which we haven't had in full measure until now. And, an understanding that the award system is there as an underpinning and, I think, a general, broad appreciation of that.

Now, the other issue which, of course, you are getting yourselves worked up about today, uranium. Uranium is one of those issues which I think attitudes change in, over time. But, it is one which is deeply held in the Labor Party and one which I think, as a party, and for my part as the leader, one has got to make a decision about whether you really put a tear through the party in changing it at this point. And, even if one wanted to do it, taking a running jump at it. Well, in this respect I have not taken a running jump at this issue because to have taken the running jump I would have had to have started running about four to six weeks ago. And, I would have been well and truly in the air before the conference started. As it turned out, the thing I was running on was the vote for women, the vote in favor of the representation of women, and the thing that the Government just had to get through, the privatisations. So, what will happen is uranium will be referred off to the National Executive for a report to the next conference.

By and large, beyond that, Labor Party conferences can be a great strength for the Labor Party. They can be a problem for it, mostly in years gone by they have been a strength for it. I think this one has on this occasion. Now I think the Party does realise what a tremendous opportunity in government it has and I made these points, I hope clearly, in the industrial debate, at least as far as the industrial legislation was concerned today. So, it is a case then of the timing of these conferences fitting in contemporaneously with each parliament. It means that, in terms of policy, the board is set up to the next election and beyond. And, we get a chance then to review where we go from there. So, I'd be glad to take questions from you.

J: (inaudible - question about PM's role in uranium policy discussions)

PM: No, I had a few discussions with people but again - people have had some discussions with me as well - I didn't, before I came I basically decided not to touch uranium because I wanted to be sure that the airport FAC package would get through and that the vote for representation for women would get through and I just might remind you that that was only a very close thing. The Left Caucus only decided to agree to it about 20 minutes before the vote.

J: The FAC?

PM: No, the vote for women. And, basically to try and run the uranium discussion as well, in that environment, wasn't really worth doing. And when I was here a few people were saying, "Look there is still a chance to change this", and I had, then, a couple of discussions with people but, you've really got to have your heart and your back in one of these changes to get them through.

J: But, Prime Minister, you say that the present policy on uranium is outdated. I mean, you would like a change, wouldn't you and you did have discussions with people. Brian Ede said you were quite helpful...

PM: Yes, Brian Ede approached me, I didn't approach him, saying he wanted my support for it. And, I said, "Look, I don't think there is a majority here for it, I don't think people are prepared to make the change yet." But, I said we'll see as the week goes on what people have got to say. Now, you know the AWU's position in Queensland, they were flatly opposed to it and by the time that they could see that their tactic with CRA was not going to change CRA's industrial position, then they yielded their position. But, to get a change like this up you've really got to go full bore at it.

J: But regardless of that dispute within CRA and the AWU what does the fact that there has been no change say to large companies like CRA, and foreign investors?

PM: Very little, very little indeed. Look, let me just give you some data here which is worth recording. Ranger has got a capacity of 3,000 tonnes this year; it is producing 1,335. Olympic Dam has a capacity of 1,900 tonnes and it is producing 1,325. If you had all the prospectives up, the lot of them, they come to about 7,300 tonnes in a year, if you add the lot together. That's everything, Kintyre, CRA, Koongarra, Yeelirie, North Ranger, Ben Lomond, Beverley, all these together. Wherein, at the moment we are producing 5,000 tonnes the truth is, we can't meet the capacity of our mines to produce now. Now, were this to have changed, the mine that people would have had the greatest expectation for was Pan Continental. The old Pan Continental mine, it has got tremendous environmental problems. And, there would be no guarantee, far from a guarantee that that would ever begin in the East Alligator River's region. So, you're talking about, really, Koongarra,

which has got 15,000 tonnes of reserves compared to Ranger and Olympic Dam which have got 427,000. So, in economic terms it doesn't matter very much at all. And, that's the point. Essentially, in economic terms, it is not a pressing matter, it is not a pressing matter in political terms.

J: Prime Minister, this motion didn't seem to be dead until some time this morning. Were you prepared for a motion to be put but, basically, it looked like a fairly transparent attempt to lock out a company like CRA because it didn't please the union movement?

PM: Well, let me make my position clear about CRA. I don't support their tactics of trying to squeeze unions out of their mines. But, be that as it may, these companies have done very well out of the Government and its industrial relations policy, in the profit share in the economy, in the competitiveness via the exchange rate, in everything that has come with it. And, part of it is, I think, not picking the eyes out of the policy mix, which, I think, is their intention. But, no proposal was ever agreed. And, therefore, in general terms, the only place you can go with uranium after the current policy is to go to a policy where they just get up, individually, on their merits. Now, that basically means, maybe Koongarra, maybe this Kintyre thing in the future. But, the truth is that the existing operators can't sell their product.

J: Isn't this a case of - by pushing this off to the National Executive once again, which you did after the 1981 conference - you face the prospect of simply having the same mess that you've had this last week, revisited in three years time.

PM: Yes, but there are always some issues that will drag along. This was not an issue two weeks ago, this was not an issue one week ago, it was not an issue last weekend. There were only two issues that were issues over those timeframes: that was the vote for female representation in the parliaments and the FAC and the assets. Now, each conference has its purpose, this issue has been hanging around since - I'm not quite sure when we changed the policy to accommodate Olympic Dam - I think, 1980. This is 13 years later yet we've had privatisation of QANTAS, telecommunications, each conference has served its purpose. This conference's purpose has been, in the broad, in the big issues, to be the representation issue and the privatisations.

J: Would you like to see the policy opened up in the future?

PM: Well, look, a policy which has no arbitrary quality to it is better than one without it. But, again, in economic terms, it matters very little. Certainly at this point. The world market is over supplied and we've got more capacity than we can handle.

- J: There was a late amendment carried which appeared to be related to the uranium debate, allowing exploration in National Parks, it was carried by 51 votes to 50, and during the debate the Environment Minister, Senator Faulkner, said that there was a direct nexus between exploration and future mining... (inaudible) ... which would constitute an administrative, legal and political nightmare for the Labor Party. What do you say about that and the fact that the amendment was carried?
- PM: Well, I was told it was carried just as I was coming up here and I didn't hear all of the debate, obviously. Well, what is in the Party policy in respect of say, National Parks, without seeing the words of the amendment, the sense of it as I understand it, is that the Party may provide for exploration in National Parks. But, that doesn't mean to say that the Government would or should.
- J: What is your attitude?
- PM: Well, I'll have to have a look at it and see what it says and take some advice. My attitude, generally, has been that National Parks are declared to be National Parks for that very reason. That is, to preserve them.
- J: (Inaudible)... a uranium policy that half the Cabinet has described as absurd. Is the the symbolism in that, is there not a problem in that..?
- PM: I don't think so. I don't think so. There are lots of - if you want to track through the great document of the Labor Party's policies and the one the Coalition had and tick off the ones you think are absurd, there would be a lot of ticks on the pages, I can tell you.
- J: Do you think that basically the change in the platform to allow exploration in National Parks should be ignored?
- PM: I will have a look at the change and I will make a judgement about it. I am not going to respond to it without knowing what was said and what was meant.
- J: Mr Keating what did you think of Bill Ludwig's attempts to link it with industrial relations?
- PM: Well, I think he worked out that that was not a goer. And, the reason it is not a goer is that you can basically fit this Kintyre reserve in your eye. It is basically a fleck of dust in the eye compared to a decent deposit and there was no way that CRA were going to change their industrial relations policy to mine a thimble full of uranium. They were never going to do it and I am surprised that Bill ever thought that they would.

- J: What sympathy do you have for local Aborigines in Kakadu who have been pushing for the opening up of Koongarra and (inaudible) and how do you think it sits with the whole native title efforts of the last couple of years?
- PM: Well, native title never gave Aboriginal people the right to minerals. These are always issues of larger national moment and larger national moment they will always be. Including in that, of course, the rights of Aboriginal people and their views. But, I mean, that's about the only weight I would put on it.
- J: Mr Keating, given you said that if this was an issue to get through you'd have to approach it four or five weeks before the conference...
- PM: Well, not four or five, a couple of months at least.
- J: ... a couple of months, do you think it was handled badly by the people who were pushing for a change?
- PM: No, you mean the uranium issue here?
- J: Yes.
- PM: Well, look, the thing was, if you look back a month or three weeks ago, what were the issues? The major issue, I thought, two issues, the ones that I mentioned. I didn't believe we could go through this conference without setting a rule rather than a principle for the representation of women. Now, I told my faction that at the National Executive meeting in Canberra. Some people were still hankering after a principle, I said, "Well, if you do, I will stand you up at the conference, as long as you understand that." And, I will say this, for people on the right of the Party, they came to the party with a rule. That rule was not accepted by the Left, in general. And, the Left Caucus, of course, were having, there was a lot of gnashing of teeth 20 minutes or so before the decision. I think their concern is that seats which may go to the Left will go to women on the Right. And, therefore, there was not equanimity of view. There was, in the end, I am happy to say. So, the notion that, you know, they were saying that this was a pre-cooked result, this was a foregone conclusion... It was not a foregone conclusion at all. And, they knew that unless it was going to be agreed there would be a very tough battle on the floor of the conference in which I would put my views, very firmly. Now, I am delighted with the fact that the whole party has agreed to this and it will change the face of Australian politics and the Labor Party. And this is a very great change and when, looking back over these conferences with some hindsight, this will stand out as a very large and significant change.

On the other issue, of course, the privatisation, it was imperative for the government that we get this change through. That's in fiscal terms, imperative that we get it through. And, we basically were making clear that just for efficiency reasons and servicing these airports as well as the fiscal reasons, we really needed this change.

J: What is your reaction to the Current Account deficit announced today?

PM: Well, it is one month's deficit. It is higher than we'd like it to be but it is crammed full of capital goods and probably at this phase of the recovery that is what one would expect to start to see. Certainly, we need a lot of capital equipment to try and keep the supply response in the economy cracking. What is one of the big issues in the sustainability of this recovery - and that is the supply capacity of the economy. The supply capacity of the economy will only be there with investment goods and particularly plant and equipment and there was a lot of that in these. There were a few lumpy things as well. Now, there is a bit of extra debt in there and there is a bit of lost earnings coming through from the drought but, by and large, you can't ever take a month's number as being indicative of the trend

J: Does it put more pressure on the Budget policy?

PM: No, no.

J: Mr Keating, on what do you base your confidence that the affirmative action rule (inaudible)?

PM: Oh, because I think that by and large that the Party has decided that the time has come, that we will be a stronger and better party if more women are represented. And, it is going to take a lot of changes, particularly in states where you've still got rank and file preselection systems. People are going to have to, factions are going to have to decide who gets particular seats and how they get them, some time ahead of them getting them. So, it will take a bit of doing but I think there is a lot of goodwill towards the doing of it and nobody is going to leave themselves vulnerable to a National Executive decision.

PM: Do you have any sympathy for men who might miss out on preselection because of this rule change?

PM: Well, I think, by and large, the men, as you put it, have had more than their share of the market for most of the century so I don't think feeling sorry for them is quite the term.

J: Mr Keating, would the symbolism of Carmen Lawrence as your deputy serve the Labor Party well?

PM: Well, what's the point of me debating the deputy leader of the Labor Party, here? None.

J: Prime Minister, despite uranium, which you say was not really an issue, this was a really stage-managed conference, everything was sewn up. Do you think that sort of sterility of debate is a good thing for the Labor Party, why aren't things more vigorous now?

PM: You mean you'd like more pictures for the television in the evenings?

J: No, no, just more vigorous debate.

PM: Well, what you have is not sterility, I don't think, at all. That is, that was there a real debate at this conference about the representation of women? Well, you're damn right there was. And, it was happening right under your nose, out there, but it was inside a locked room where people were debating their future and whether they could live with this rule change. I mean, that is a really live issue and it was a really live debate. The same with, you know the to-ings and fro-ings over the last six weeks or so in respect of the FAC and privatisation. It has been on and off and on and off, people saying yes and another proposal being put; then the idea of leasing etcetera. And, finally, a resolution. It is the antitheses of sterility. Now, the fact that they are agreed by the time that they are here only means that the whole pressure cooker atmosphere of the conference coming produces the result. In other words, the vitality which should be there in policy determination, is, in fact, there. And, I think the notion that the conference is, I saw a bit of comment this morning that if there are not fights on the floor then we don't have a vigorous debate. Well, there is obviously a vigorous debate here and there has been.

J: Where was passion on the floor, though?

PM: Well, I thought there was a fair bit of passion when the representation for women went through and there was a passion not only from the women in the Labor Party but also female journalists as well. I thought even you were passionate about it. Maybe I was mistaken but I thought you were getting a bit teary eyed about it....

J: No, no, no, you've got the wrong girl.

PM: You don't get teary eyed?

J: I wasn't teary eyed in this instance. Please.

PM: Oh. Thank you.

J: Is Bernie Fraser setting a move for you on fiscal policy, do you think?

PM: Well, I don't think so but central banks will always put as much weight on the government as possible. And this is central banks the world over. But, the government has a medium term fiscal strategy which we adopted when we expanded fiscal policy with One Nation in 1992. We want to be able to show that we had a ballooning of outlays for the purposes of a fiscal stimulus, to lift the economy up, and we wanted to be able to show, demonstrably, graphically, that it would come down. So, you can't do that with just the forward estimate for just one year. Until 1992 we only had a forward estimate for one year. And, we went to the medium term projectory to show that what we intended with One Nation was a stimulus and we would then withdraw it. Well, basically, that's what we've showed and that's what we've done and that strategy was based on solid economic growth and low inflation and that's exactly what we have. So, we don't have demand growing now like we had it growing in the eighties. That's just not the case. And, of course, we don't have inflation now, as in the eighties. So, the elements of that medium term strategy which we laid down are being met almost in a copy book way. So, the question is, why change it?

J: Normally through a recovery governments will progressively tighten fiscal policy?

PM: But, let me just say a couple of things to you. We've got unemployment at nine and a half per cent. We'll have the deficit back to two and a half percent of GDP in this financial year, in 1994-95. That's a very big juxtaposition of numbers. Nine and a half per cent unemployment and two and a half per cent on the deficit. The deficit peaked at over four per cent in the early eighties when unemployment reached ten per cent and it was almost five per cent in the mid seventies when unemployment was under six per cent. Here we are with unemployment at nine and a half per cent, that is arguing the case for a continuing stimulus and we've got the deficit already, this year, at two and a half per cent of GDP.

J: Why then, does Bernie Fraser keep (inaudible) to keep the pressure up?

PM: I think that central bankers always want as much, if they can have more of a hand from fiscal policy, as they see it, the better. But, I just think that one has got to look back and that is why I think the OECD made it clear when it made those remarks a couple of weeks ago in its report, it said the Australian proposal to get back to one per cent of GDP as a deficit, by 1996-97, was realistic and better than most other OECD countries.

J: So, Bernie Fraser's wrong..?

- PM: Well, if the notion is that we have to - and he hasn't said this but if you're reading into it - the notion being that no deficit is too low and no surplus too great, yes that is wrong.
- J: Prime Minister, do you think the next conference will be as easy to manage as this one, with twice as many delegates at it?
- PM: Well, I don't know, the NSW conference has always had 1,000 and we've always managed that. Maybe the bigger they are the easier they are. I don't know.
- J: Prime Minister, on industrial relations you seem to be suggesting that some of the bigger unions were dragging the chain again..(Inaudible)?
- PM: Oh look, I think the happy hunting ground of the central wage fixing system has been exactly just that, happy hunting grounds and people have wanted to keep it as long as they could. But, the better unions, I think, see the opportunity of enterprise bargaining to really be relevant to their members, to get themselves higher real incomes and also to make the companies more profitable. And, that is why this change - they don't like the flexibility agreements because they are non union. In other words, let's take a business, maybe a cake shop with eight people, which is paying under a federal award but is not unionised. That proprietor and those employees can agree to vary the award. Now, the unions don't like that. This has induced them into a real love affair with enterprise bargaining. Well, I reckon that is just a terrific outcome if they push that harder, certified agreements as they're called. And, this will mean that unions will earn themselves - and I say earn - earn themselves an organic place in the labour market. So, instead of simply just rolling on to pick up subscriptions they are actually helping people get wage increases, enterprise per enterprise. And, that is the kind of change that the labour movement has to embrace so that it is, in a sense, free of the industrial relations commission. Less vulnerable to a change in the IR Act.
- J: Mr Keating..(inaudible) the Access Economics report/
- PM: I don't even know what they are, Michael, what are they?
- J: Well it suggested there was very substantial scope for expanding exports, or are you saying that can be done within the...?
- PM: Well, there is either a rebuke to be handed out to the sales people at Ranger and Olympic Dam because - there is 600 tonnes spare capacity at Olympic Dam and there is 1,700 tonnes in Ranger.
- J: Just on that point, Mr Keating, it will be another two years before it comes back from the

PM: I don't think the uranium market is going to change in two years, three years

J: Add to that another six years of lead up time for starting the new mine and then you have eight or nine years, isn't that time for markets to change..?

PM: Well, we haven't seen it. This policy went into place in 1976 in the Labor Party, it was changed in 1980 as I remember it, in respect of Olympic Dam, that's 13 years ago and we've never seen a buoyant market from that day to this.

J: Are you also saying on uranium and women and the FAC, that once every three years the Labor Party can't keep more than two balls in the air at once?

PM: Oh, sometimes we keep a lot in the air at once...

J: Yes, but this time.

PM: But it is a matter of how you rank them. I mean, the women's representation one was a big issue, the FAC was a completely necessary issue. But, whether in fact for a mining policy which already allows mining which is already oversupplied and mines are working at under capacity, where do you rank it in the ranking of issues? The thing is, you can't rank it highly. So, you may say it is numerically three balls but it is really two soccer balls and one ball bearing.

J: The companies seem to think they can make some money out of it or they wouldn't be in there pushing it, so why not let the market decide?

PM: Well, who is here pushing it? I think, in the main it has always been FRA who have now bought the Pan Continental interest at Jabiluka. And, mining companies will always try and have as much flexibility as they can get. But, there will always be, for that mine and the flood plain of the East Alligator River, there will always be a big environmental issue. Okay, thanks.

ends.