



## PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP,  
INTERVIEW WITH RAY MARTIN, "A CURRENT AFFAIR",  
3 NOVEMBER 1994**

### **E&OE PROOF COPY**

**RM:** Prime Minister, thanks for your time. Now you're buying a house, as I understand it, like a lot of other Australians. What home interest rate have you allowed for in your budget?

**PM:** Well, I'll take it as it comes, but I know it's coming with low inflation, so it's not....

**RM:** You wouldn't handle 18% or 19% like you had a few years back?

**PM:** Well this is not going to be the 1980s. We're not sitting on an inflation rate of 6-7%, or 9%, we're...last week we had an inflation rate of 2%, and that is what in the end drives interest rates. So, interest rates will rise in the recovery - you have seen that already.....

**RM:** Right. Are these the rises we had to have?

**PM:** The answer I think is yes - but again, they won't be like the 1980s. They won't be as high as the 1980s, they won't go up like the 1980s.

**RM:** Well we hope not, wouldn't we?

**PM:** Well we would.

**RM:** 14 or 15% is what Alexander Downer is predicting today - he says they're going to explode.

**PM:** Well that is just irresponsible, mindless behaviour - that's what it is. That is unnecessarily trying to frighten people when at the moment, the official overnight cash and call rate in the Reserve Bank is 6.5%, and that's what drives the bills and drives everything else.

**RM:** But you have people today that are paying 9.5% plus.

**PM:** Yes, but that is not 16%.

- RM: Do you categorically rule out 14 - 15%?
- PM: Well I can't be the interest rate ruling out business, Ray. But one thing for sure - the 1980s are not here.
- RM: Do you scratch your head though, when you read the papers and the economics experts - not just the pundits, but the experts - who say "well, despite this positive news, I think there is still a boom-bust cycle around the corner"?
- PM: You see, we have got the same local group of commentators we have had for 20 years - you and I know who they are - and they are still saying the same thing: "we're all 'rooned - it will never be any good", where the fact is that this is the best conjunction of economic circumstances we have had in 30 years.
- RM: So the people who rang up A Current Affair today when it was announced that you were coming on tonight, and said "ask about home loan interest rates" - in a word what would you say to them? Don't worry?
- PM: I would say this - that they have seen already a modest increase in interest rates, part of that has flowed through to housing, a bit more maybe - but we will not see a repeat of the housing rates of the 1980s.
- RM: If I asked you how a man who has been a politician all his working life - for 25 years - can afford to pay over \$2 million for his house - what would you say to me?
- PM: Easy, from my point of view. Basically, I'm like most other people in the Sydney market - your house goes up in value and you end up with a big mortgage at the end of it.
- RM: So you are very much watching - as everyone else is - you're watching these interest rates because you could....
- PM: Well, I know what it's going to do to me. I mean, there's at least more than an observers interest there. I mean, I have one house in the whole of Australia - a terrace house in Sydney - the whole world has heard about it, and I'm intending....
- RM: Not a bad sort of a terrace house though.....
- PM: No, but it was a flop-house when I bought it. It had 40 beds and hypodermics and joints laying all over the place when I moved in...
- RM: There's about 16 million Australians who wouldn't mind having it though would they?
- PM: No, but again, I bought it 12 years ago, and you know what has happened in the Sydney property market in 12 years. And it's

because I own that, that I can go from that house....basically what I am doing is moving houses by one mile, and I'm moving up a bit with a mortgage.

RM: Up a bit, with a \$2 million place...

PM: With a mortgage - from one worth about \$1.25 million to \$2 million.

RM: But you don't think that as a dyed in the wool Labor man - a working class man - that you have got to go sort of in the dark at night to go to Woollahra where you.....

PM: No. Because I have had 2 houses in my life. I had one in Bankstown....

RM: How long ago was that?

PM: I sold that in 1983 when I became Treasurer...

RM: Right.

PM: ...and I bought the terrace I now own at the same time, and that's all I have. And I will sell that as time goes by, and move into this other one. But again, I am not moving into it - it's there for later. I'll let it because I'm quite happy with my current accommodation.

RM: So you will rent it? You are quite happy to rent it and...(inaudible) all that sort of stuff?

PM: Well you can't live in The Lodge and live in Woollahra at the same - you have got to make your choice, and my choice is a pretty easy one to make.

RM: How much rent can you get for a place in Woollahra?

PM: Oh, a couple of thousand a week - \$2,500 - \$3000 a week.

RM: That's not bad for a working class boy from Bankstown?

PM: Well, that's what an old friend of mine used to say: "in the Labor Party Paul, we don't want to push people down, we want to bring them all up".

RM: Have you ever lied in politics, like Graham Richardson?

PM: You don't need to tell lies. I'm surprised....

RM: Well, Richo says you can't be successful unless you tell lies?

PM: I'm surprised Graham thinks that, frankly. I think you can go...I tend to take it on the chin and say it as it is. I mean, I'd rather say the thing that is less popular than mislead people.

- RM: How do you tell of a politician is lying, Paul?
- PM: I don't know whether you can tell, but you can look at their work, that's the best way to do it. I don't know whether Graham put this line in the book for notoriety or not, but it is not a line I subscribe to.
- RM: Have you ever lied in politics?
- PM: No, I have never gone and said something I believed to be untrue.
- RM: How about the challenge, the first challenge against Bob Hawke, where you lost it and you came out on television and said that 'I have only got one shot in the locker and I've used it', but in fact you had two.
- PM: Well, later I had two, but I didn't at the time. At the time I thought that was it. You see, it is very hard to dislodge a Prime Minister. You can have one go at it and then what happened was, what basically beat Bob was Fightback. That's where I came from.
- RM: So, when you said that you meant it?
- PM: I was prepared to, when the Parliament rose at the end of 1991 that was the end for me. By early 1992 I would have left the Parliament.
- RM: Lazarus.
- PM: Well, they got me right at the end, but they knew they did too.
- RM: Are you pleased to read today in the paper or to hear that Prince Charles sees you as a kindred spirit?
- PM: He says I have got an interest in architecture and aesthetics.
- RM: And urban design?
- PM: There is not much in terms of central interests we share, but that is one of them.
- RM: But, are you pleased that he regards you as a kindred spirit?
- PM: Glad he has acknowledged the fact that I have ... I mean, his criticism of modern architecture in Britain has been somewhat akin to the criticisms that I have had in the design of our cities here.
- RM: The Cahill Expressway and so on?
- PM: Well, the Cahill Expressway is just an example, and I think he has done quite a lot for the architectural debate in Britain and I am quite happy for him to nominate me as a kindred spirit.

RM: Well, how about what he said, he told Jonathan Dimbleby that he was relieved to find you not as bad as he had imagined.

PM: He got a very nice reception from me and my family and I from him when I visited him and his family at Balmoral. I have always found the Royal Family, in terms of personal relations, exceptionally nice to deal with.

RM: What about when he said 'what do you mean when he said that you were a great exponent of the art of monologue'. Does that mean you wouldn't let him talk?

PM: He is a good talker, I don't know that too many people get too many words past him. So, maybe he'll regard it as a bit of tussle, I don't know.

RM: Would you accuse him of the same thing?

PM: Yes, he is a good chatterer. He has got a lot to say, but good on him.

RM: A republic by the Year 2000, has the pace quickened as we read?

PM: I don't think the pace has quickened, but I am delighted to see more Australians believing that we can only go our own way with our own head of state.

RM: Have the Royal scandals added to that, increased the number of people believing?

PM: I think so, yes. I think that is part of it, but I think underlying it, that's part of it. But, I think the underlying thing is that, I think, Australians know we are making ... I am going to as you know Ray, to APEC in Indonesia in a week and a half from now and you can't get around like that saying 'oh, excuse me, we are just borrowing the monarchy of another country.'

RM: You would like our own flag and our own head of state at a time like this?

PM: I want our own republic. That is the first thing I want.

RM: All right. Now, it is clear certainly from The Bulletin this week, that 90 per cent of Australians want to elect the president, not allow politicians like you to decide who it is. How are you going to turn them around on that?

PM: Sometimes people say 'well, that Keating, he wants this republic so he can appoint the president'.

RM: Or maybe be president

PM: You know how interviewers are always asking you to rule things out - well, let me rule that out.

RM: OK.

PM: And that you will give one of the popular guarantees - I'll give a guarantee on that.

RM: Never be president?

PM: Never be president.

RM: OK.

PM: But, on the issue itself, I think, this is a terribly strong thing for our democracies - that you don't have figures who are walking around, hearing voices, saying 'I've been anointed by the Gods', I'm wearing a national mandate, I have some position of supra authority above the Parliament and the whole embodiment of a nation is invested in me.

RM: All right, last question. Jeff Kennett, I know you will want to answer this, says that you made no real attempt to save David Wilson in Cambodia - a tough charge.

PM: And a very low grade charge at that. Jeffrey has got a big mouth and it runs away from him every second week. We did everything we could possibly do. We sent an AFP officer out there, the diplomatic effort we mounted on this through the Cambodian government was as strong as we have ever done, but again, you are dealing with rebel forces in a dangerous part of the world.

RM: All right. We thank you for your time and good luck in Indonesia too.

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