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## PRIME MINISTER

### TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP INTERVIEW WITH PAUL LYNEHAM, 7.30 REPORT, 11 APRIL 1995

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PL: Well, despite such misgivings, the PM and the Premiers struck a deal in record time today over lunch - and I have now been joined by the Prime Minister. Paul Keating, welcome.

PM: Thank you, Paul.

PL: Well, it must have been a very convivial lunch, or did you just produce a bigger bucket of money?

PM: Well, it's taken a couple of years and three meetings. You might recall the Darwin meeting where we didn't agree and it was a case of then trying to quantify these benefits and then go back to the drawing board to see how we might divide potential future revenue streams and what's happened today is a very historic thing. I mean, it's probably the most productive Premiers' Conference, Council of Australian Governments meeting, that I have attended and it is because I think that competition has worked for Australia. One of the reasons why we have got low inflation and high productivity is because of the competition which this Labor Government has introduced to Australia. Now, on this occasion we had the Premiers, that's Labor and Coalition, and let me say Premier Wayne Goss and Jeff Kennett, not just Jeff Kennett or Richard Court as described by your guest, helped in this for the main reason because it will benefit all consumers.

PL: Yes, but what of David Bund's argument that the Industry Commission's estimate of the benefits are vastly overblown and you could live to regret this agreement?

PM: Yes, well it's just conservatism - it's just what the Telecom unions had to say before we set up Optus as a competitor. I mean, Telecom is not

privatised, yet Telecom tariffs have come down enormously, service has gone up. At this point, Australian Airlines, Qantas, is not privatised but air fares have fallen by 25 per cent and passenger movements have increased by 65 per cent. Competition works and those who bode ill, you know, [and say] "beware, beware" - it's just naked conservatism and, from the point of view of the unions, self-interest.

PL: Well, you have offered the States a big bucket of money over the next ten years - what have they got to do to earn it?

PM: Well, they have to meet certain benchmarks. They have got to introduce competition, they have got to allow the Trade Practices Commission, which has applied to the Commonwealth's regime all these years to apply to their own, and they have got to meet certain benchmarks which includes the reform of electricity, of water, and of free and fair trade in gas amongst other things.

PL: So how will your average Aussie family tell the difference - we'll get a smaller electricity bill, will we?

PM: Like you get a smaller phone bill. But more than that, because we've got a coal seam right down the east coast of Australia, it ought to be one of our great natural advantages. It hasn't been because of these large monoliths like Pacific Power and the SECV. When we make them competitive, you will find the cheaper electricity brings the bigger industries and it becomes a real national advantage for the country.

PL: But is it cheaper for big business, or cheaper for mums and dads?

PM: It's cheaper for everybody. It will be cheaper for consumers generally and it will be cheaper for business consumers of large licks of electricity, or large licks of water or gas, and they're the things which give you an advantage in the world. I mean, all countries have got to find their comparative advantage. One of ours happens to be energy, water - these sorts of things. Now, it's a big undertaking, but again, that's why today's reforms are very historic - and don't let any special pleading diminish the strength of them.

PL: It won't mean lots of job losses, it won't mean losers as well as winners?

PM: Well, in a more competitive economy you end up with more growth and more employment. In the last year we've had four per cent employment growth. We've had over just since the last election, we've had over 560,000 jobs growth. If you take Telecom as an example, Telecom over time has put people off to make it more efficient, but they have gone and got jobs elsewhere in the economy. Because an economy which is growing and which is efficient produces new jobs.

That's the essence of a revitalised economy. See in the National Accounts that came out last week, Paul, we had five per cent growth, inflation running at one per cent, four per cent productivity growth and four per cent employment growth. I mean, I have never seen figures in the 26 years I have been in public life like that. It's not happening by accident - it is happening by plan.

PL: When are we going to see the benefits of this regime coming through, and how are we going to know - like benchmark it - as it happens?

PM: The competition council will basically be required - the National Competition Council, which is to be set up - will be required to give the tick to each State to say whether they pass the threshold points for electricity, for water, for whatever, ports, wharves, et cetera. And, at that point, they get the next tranche of the Commonwealth payments. In other words, it is a performance related set of payments for States that do want to change things.

PL: There is a big carrot hanging out there in front of the Premiers?

PM: Yes, there is and it is more than the carrot, I think. Well, to some extent it is a carrot, but perhaps more than that, it is to say that there is an incentive here, but there is also a clear benefit. Remembering that some States have done some of these things without any carrot. They have done them for the same reason that the Commonwealth did it in telephones, in ports and wharves, in tariffs because, basically, it is good for Australia, good for the community, good for employment and good for living standards.

PL: You talked earlier today of a fairer as well as a more efficient economy. What happens to community service and consumer interests in this drive for competition?

PM: Well take motor cars, lower tariffs have given Australians cars at about \$8,000 - \$10,000 per car cheaper. That is fairer because they get a better go. That means your living standards are higher because you can afford vehicles you wouldn't otherwise be able to afford. We have had a 65 per cent increase in air travellers in the last two years. There is a whole community of people that haven't travelled before, that is fairer. Why are they travelling Paul? Because it is cheaper. Why is it cheaper? Because of competition policy in airlines.

PL: On another matter, what is your reaction to the comments by Labor backbencher Russ Gorman, that when domestic violence is alleged restraining orders are too easy to get?

PM: Well, I got asked about this today. I mean, what's happened here is we have had an internecine civil war in the Liberal Party in Western Australia and the device they have used to gemmy Senator Crichton-

Browne out of the Senate, claims about his private life. The Labor Party doesn't run those sorts of arguments in its party. We don't run people's private lives up and down to remove people and what they are now trying to say is we are all besmirched by this and now we will besmirch others.

- PL: They are implying that Labor MPs have a few dark secrets as well.
- PM: Well, no doubt, there is quite a few people who have dark secrets, including all the way up and down the Press Gallery here and right through the bureaucracy, out there in the community.
- PL: Is there any room in your Caucus for men who bash women?
- PM: Well, I don't approve of these things obviously. But again, we are not about to have a witch hunt which is begun with an internecine war inside the Liberal Party.
- PL: Is the Health Minister's role in the tragic Penny Easton affair a witch hunt?
- PM: I think so. It is the same thing. I mean, the Liberal Party is full of rancour and this is one of the points I have been making, nobody should assume that this motley outfit which has never been a national party, which is just a complexion of states, that John Howard can run it, there is hatred amongst these people like none of us have ever seen.
- PL: But, these allegations about Dr Lawrence are coming from Keith Wilson, a former Labor State Minister.
- PM: Yes, but the claims have been made earlier by the Liberal Party.
- PL: Well, he was an Anglican Minister through the years, he is a man of some reputation. Don't you take them seriously?
- PM: She denies those claims and I take her word.
- PL: Finally the Japanese Yen, are we seeing some sort of blip here or is this a watershed with big implications for Australia?
- PM: I think this has been on a long time. The Yen has been strengthening from 150 yen to the dollar to now 80 odd yen to the American dollar. This is going to produce huge fractures in Japan, it is putting all of their production off shore.
- PL: They buy a lot of raw materials from us, does this affect our ...
- PM: It will affect us, but by the same token what will also affect us will be the fact that a lot of their production will be in other places and we will

be still sourcing that. But, this comes from the fact that there has not been enough domestic spending in Japan - savings too high and domestic spending too low. In the United States its domestic spending too high, savings too low. And those two things have been driving the gap between their currencies and no amount of central bank mucking about, trying to set a rate will fix this other than a change of fundamental policies in both countries.

PL: But that takes time, of course.

PM: That is going to take time.

PL: Thank you for your time.

PM: Thank you very much.

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