



**PRIME MINISTER**

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP  
INTERVIEW WITH RICHARD UTTING, ABC RADIO, 15 MAY 1995**

**E&OE PROOF ONLY**

RU: Very good morning Paul, how are you?

PM: Good thank you. Good to be around.

RU: And a good game of football yesterday?

PM: Well, there have probably been better games, but I don't know there has been better football. You know what I mean? It wasn't as close a game as I think the Dockers would have liked, but there was some amazing football.

RU: Well it was a historic event, I suppose, the first Western Derby and the opening of the grandstand as well.

PM: The ground looked terrific. It was like a bowling green out there.

RU: Yes. Now I don't know if you heard it, but I have just been reading an apology concerned with the behaviour of one of your MPs I suppose, Graeme Campbell. How long can the ALP put up with somebody like Graeme Campbell?

PM: I haven't heard anything about it, I am sorry. I didn't hear. I heard you reading something as I walked in.

RU: Well you would be aware that Mr Campbell has made a series of attacks on the Director of Public Prosecutions here, John McKechnie.

PM: Well I am not really aware of that, no.

RU: One of which involved allegations about Mr McKechnie's 17 year old daughter and I am simply asking the question, is it appropriate for Labor MPs to do those sorts of personal attacks?

PM: Oh well I don't believe in personal attacks and I think there is enough policy meat to get into, without worrying about individuals.

RU: Have you spoken to Mr Campbell about his allegations at all? The way he has been conducting himself?

PM: Well, he often gets into me, of course.

RU: Yes, I know.

PM: So I don't talk to him too much at all these days.

RU: Alright, now, we talk about personal attacks and I guess after the Budget you have had people like John Howard calling you a liar and saying that the Budget is a pack of lies. I guess you are used to it, but the sort of personal attacks there are in Federal Parliament and in Parliament House itself, I mean it must have an effect on families and those associated with politics.

PM: Well it is a barrage of abuse and by and large I think the Government and the public system has served Australia well in introducing probably the greatest range of changes of any OECD country - whether it be in economic policy, in education, in superannuation or in cultural policy - these dramatic changes over the last 10 or 12 years. What we get from our opponents is a barrage of abuse and I will get more. You know, John Howard has been Leader of the Opposition now since the beginning of the year. He has not addressed an issue of substance in a substantial way since he took the leadership and he is always talking about honesty. Well you have got to ask yourself, what is honest about somebody who won't tell the public what they are doing. I mean, what is credible about that? Trying to sort of curl up and be the smallest possible target, not saying what you stand for, where the Government always - whether it is Working Nation, Cultural Nation, the Budget, the National Superannuation Scheme - we are out there all the time with the big positives. Every time you put a positive up like superannuation or the Budget or the surplus, you duck under a hurl of abuse. As they hurl the abuse.

RU: I suppose that is the nature of the beast in Opposition.

PM: But, look, the trouble is the Liberal Party have got no structures and no ideas. If you look at their front bench. It is Fischer who is politically illiterate. Costello, who is like a crow on the back fence, everything is bad, he picks the eyes out of anything that is good. And, Alexander Downer who is a sort of professional failure. I mean that is their front bench.

RU: But as far as the Budget is concerned, you have had the attacks by John Howard. Now, I guess, you must have been very happy, for example, that interest rates did drop when they did. It seemed to me almost an act of God.

PM: Well, not really. What has happened is this. The Budget has gone from a deficit of over \$12 billion to a surplus of \$700 million, but the change in the Budget financing task - that is the Commonwealth Bond program that the Commonwealth has - let me explain it to you this way, last year we sold \$21 billion worth of bonds - \$21,000,000,000. This year, as a result of the Budget, we will sell \$6 billion, so there is a reduction in the bond selling program of \$15,000,000,000. If there is much less paper around, Commonwealth Bonds, or paper as it is called in the trade, the price of the paper rises. As the price goes up the yield comes down. The yield is the interest rate. So that is why long term bonds fell about a percentage point last week and what we saw at the end of the week was the short term rates of variable rates in the housing market falling with them. So it is all rather mechanical in a sense. The Budget was a very big swing from deficit back into surplus and the bond selling program is a dramatic reduction and by taking that pressure off interest rates. Amongst the first things to fall were some of those fixed and variable housing rates.

RU: Well interest rates having dropped it seems then, whenever the next election is, that the Government won't have to worry about further increases between now and the next election. Would that be a fair comment?

PM: Well, I think, there is a huge pressure being taken off interest rates. I mean what we have done, we have reweighted policy off monetary policy on to fiscal policy. In other words, we have reweighted it off interest rates, on to the Budget. Now, I think, that is going to augur well for investment and confidence into the future. Now we have seen enormous gyrations in financial markets this year. I mean the long bond yield went up all around the world one of two percentage points in the last 12 months. I mean no Government can ever see what is ahead of it in that sense. But what we can do is what we are in charge of. What we are in charge of is bringing budgetary policy back into surplus. That is the point the chap from Moody's made on the radio here in an interview with the ABC last Friday, I think. What he said was look all this discussion about the elements of the Budget, what we look at is the bond selling program. If it is in surplus that is all we want to know and that means there is going to be far less bonds sold, which means the price of bonds are going to go up and the yields are going to come down and that is where we make our money, or we lose our money.

RU: As far as the average person is concerned, it all sounds a touch esoteric, I guess. But when we look at the Budget, people are saying

well you promised a reduction in taxes, the second tier of that now we are not going to get a reduction in taxes. Instead, you are going to put them into superannuation. However valuable that superannuation program is, and you are clearly very enthusiastic about it. Nonetheless, it is a broken promise is it not?

PM: No. Now look, what we said was this. The principle promise of the election, I mean the Liberals run around talking about these things. Most everybody saw the election. They saw me on election night. They saw me in the two debates and they saw me at the policy speech. What was the principle policy the Government was re-elected on? It was employment and unemployment. That was bringing employment back to the Australian economy. Our target, we said, we are going to try and get to 500,000 jobs in three years. We have already had 650,000 jobs in two and a quarter years. In other words we have met our three year target and more in two and a quarter years. In other words we got to our target. We actually got to 500,000 jobs in two-thirds of the time. We are now at 650,000. I mean that was the principal commitment. Not to leave the unemployed behind, put our arm out, bring them up and now, of course, with Working Nation we have now seen 100,000 of those people come from the long term unemployed. I said we wouldn't leave the unemployed behind, particularly the long term unemployed. We didn't want an underclass. That is the thing I said on the evening of the election. That is the principal commitment we made. Now in One Nation, one year earlier, that was in March 1992 - not March 1993 - we introduced One Nation to stimulate the economy, including such things as the Subiaco Oval which was part of the public infrastructure spending. The one I had the pleasure of opening yesterday. And the tax cuts which we paid at the end of 1993 were to stimulate the economy and it worked a treat. The economy sprang back into life and we have been growing faster than any other western economy. Now, what I said was there were two tax cuts, one we have already paid at the end of 1993. We brought one forward to the end of 1993 and we put one back. The one we put back we said we would think about it again as fiscal conditions permit and we will probably pay it in 1998. Well what we are doing, we are paying it in 1998. But we are paying into superannuation accounts under a policy that will give the average working person, every working person, 15 per cent contributions in superannuation. Now this is a revolutionary change to Australian savings. It is the most comprehensive savings plan the country has ever had because superannuation was always for the high paid before we came to office and it only covered 40 per cent of people. But now it covers 90 per cent of people. What it will mean is this. When this scheme we announced the other night is up and running, someone on \$33,000 a year, average weekly earnings, will end up with a lump sum at the end of their working life of \$470,000 in today's dollars and an ongoing annuity, an income in retirement, of \$30,000 a year. So they are on \$33,000 a year now and they are on \$30,000 a year in retirement in

today's dollars. In other words, there is no drop in living standards, a very small drop in living standards. Now that is a very great change and I think if you ask people well, look, would they rather have the second tax cut as cash or would they rather have something that really looks after them so that they never have to really worry again about their standard of living in retirement, I think they will take the latter.

RU: If we can go back to the last election. Fightback, the Liberal Party policy, there has been described as the longest suicide note made in history. Wasn't it really a question of the Opposition losing the election, rather than the Government winning it?

PM: I don't think so. The thing is the Liberal Party these days is without any structure, or any ideas. I mean you saw Dr Nelson's election on the weekend. I mean here he is 17 years a member of the Labor Party. He resigned, apparently, because the Labor Party had forsaken its socialist principles and next thing the Liberal Party gives its safest seat to an opportunist. I mean here is the Liberal Party so moribund, it has so had it that it gives its safest seat in Australia, Bradfield, to somebody who is essentially in their terms an opportunist. I mean this is the problem. Before that it was Dr Hewson. He bowled into Wentworth and then he is off now back in some private career. I mean what happened at the last election is this. The GST was just a symptom of the problem. It wasn't the issue alone. It was a symptom. I think the public looked at the Coalition and they said, well look have these people got any real ideas for Government? Can they get us out of the whole and growing again? Are they really dedicated to employment? Do they believe in social equity? I mean, do they believe in the culture and values of the country. Do they believe in our identity? Do they believe in all these things? Do they believe in access and equity in health and access an equity in education? And, when Dr Hewson attacked the renters and the school teachers and the churches and he also bowled up the GST I think people said look, thank you but no thanks. I think the GST was just, if you like, an example of the problem. I don't think the election was won or lost in the GST. It was won on the fact that the Liberal Party in their judgement wasn't up to it. That meant when we won it was a big responsibility on us to do the things we said we would do and we have done as many of them as any Government, more than any Government, in history. That is, we have got the place growing again, it was our principal commitment. We had the promise of a generalised child care rebate, we put that into place. The Home Child Care Allowance, we put that into place. The Parenting Allowance, we put that into place. In this Budget now the Maternity Leave, that is going into place. So what is remarkable about this Budget. You look at my colleagues Kim Beazley who lives here in the West, the Minister for Finance, a bloke with enormous quality and experience. Ralph Willis, the Treasurer, Gareth the Foreign Minister, younger people like the Attorney-General, Minister for Communications and others. You look

at the strength of the Cabinet and you look at the sort of workmanlike way that they have dealt with these problems in the Expenditure Review Committee and people say well the Government has been in office 12 years. But what a remarkable Budget for a Government, all the freshness and the zing and the verve in the world. Not just a Budget. Working Nation, Creative Nation and the Budget all in a row, within six or eight months.

RU: Alright, but you run the risk don't you of a Government who has been in power for 12, 13 years even though you have been turning over the faces I suppose. But isn't there the risk the public are going to say well look, you have had enough, it is time for somebody else and maybe from a democratic point of view, that is not a bad thing.

PM: If that was the argument, it would have to be time for somebody who has got a contribution to make. Here John Howard got up with the Budget reply and didn't have one policy word to say. Not one policy word to say. He has got no policies and he has got no ideas. One of the things that always tends to annoy me about these debates is that people compare Howard with me, or the Opposition with us, and you say what have they done. Here we are, we have remodelled a whole middle sized OECD economy. We have turned into an international place. Ten years ago, only three kids in ten were completing secondary school. This year, it is eight in ten. The throughput of universities, the TAFE system, all these things have been enormous and culturally and economically the whole of the economy has changed. The Liberal Party has been in none of these things. So whereas I say this. If you look at this Budget and the enormous changes we have seen come through it and that is to try and deal with major long term issues like superannuation and all these sorts of issues to try and deal with them, we have introduced Budgets which have dealt with these things. What other Government is likely to turn up a national savings scheme which has 15 per cent of everyone's income into it. This Government has got the Budget back into surplus, it has got the economy growing, it has got the highest rate of employment growth in the western world, we have had the biggest fall in unemployment in our history in the last twelve months. But we will turn them out and we will take a party that has got no ideas and no structure all on the basis that we need a change. I mean I just don't think they are going to do that.

RU: But people might say that it was your policies that were responsible for the unemployment, the interest rates and all those sorts of matters that were coming out. Now you do have to take some responsibility for that surely?

PM: Yes, the policies we presided over for sure. But let me just say this to you though. Let's take 1983-95. Yes, we had a rise in unemployment, back to 10 per cent in 1992, but it got as low as 6 per cent by 1989.

We had an average 4 1/2 per cent growth all the way through the 80s. There are 26 per cent more people employed in Australia today, than there were in 1983. If you compare New Zealand, which we are often compared with, they have got now 2 per cent more people employed in New Zealand than they had in 1983. In Australia there is 26 per cent more people. Look at what the Liberal's left us with inflation - double digit inflation. That is where the massive interest rates of the 70s and early 80s came from. Those huge inflation rates sitting under interest rates, double digit inflation. Who broke the back of Australian inflation? This Government. Certainly, the recession helped break the back of it, but basically it was a Wage Accord sitting underneath it which did it. If people look at it, we have now had 3 1/2 years of growth. See John Howard has been running around with this cynical, nasty, little opportunist line about five minutes of sunshine. We have had 3 1/2 years of growth now, since the recession and the Treasury is forecasting another 3 years of growth. Another 3 years into the future, so we will have around 6 years of growth as far as we can see at this point. If you go from 1983-1998, that is 15 years, it will only be 18 months where we were not growing strongly. 18 months out of 15 years. So what I would say to people is look at the record across that period and look at the fact that the Australian economy has grown in real terms by about 35 per cent real. That is after you have washed the inflation out in that period. Another interesting figure, Richard, is household disposable income. That is the disposable income of Australian households has risen 40 per cent since 1983. Not 4 or 14 - 40. Now these are big achievements.

RU: Talking of big achievements. There is a launch, I think, coming up on Thursday - a justice or an access to justice package - what can you tell us about that? I think Ronald Wilson's part of that, inquiring into Aboriginal children who have been separated and so on?

PM: It is basically that. You are going to have to wait for the announcement. But essentially it is about access to justice, how justice and access to the justice system is central to our sense of democracy, our sense of ourselves, our sense of justice in general and we will be looking at some of those issues and announcing policy changes on some of those issues, which I think will make this a better and fairer society. One of those things is the thing you mentioned, that is Aboriginal and Torres Strait Islander families and the inquiry we are going to be having there under Justice Wilson looking at the removal of Aboriginal and Torres Strait Islander children from their families and the present policies and practices concerning indigenous children and families. You see, a lot of these Aboriginal people that die in custody, a very high proportion of them were removed from their families and looking at some of those influences.

RU: Now, we have got a few callers that have some questions to ask of you, Paul, so if I could get you to put those headphones on.

C: Hi, Paul. In order to maintain our sense of nationhood, surely we ought not to act like a vassal state and allow an American citizen who changed his citizenship to get an American TV network to own a press organisation in Australia and we shouldn't allow a Canadian to control the other major press organisation. What about forcing them to relinquish their control because it has a large impact on the cultural life of the country.

PM: Well, at the time when judgements were made, this is when News Limited bought the Herald and Weekly Times back in about 1987 or 1988, at that time, a judgement was made - was the News Corporation an Australian company? Well, it is incorporated in Adelaide, it is listed on the Australian Stock Exchange, it is not incorporated in New York or Washington or somewhere like that, it is incorporated in Adelaide. The majority of the stock was held by Australians and although the Chief Executive Officer, Rupert Murdoch, was by that stage an American person having accepted American citizenship and relinquished Australian citizenship, the judgement at the time was that it was an Australian company and that a transfer of most of its assets from the Herald and Weekly Times group to News Limited wouldn't in any way alter, if you like, the questions of sovereignty in the exercise of news judgement in Australia. I think, to a lesser extent, that has also been true by some of the foreign ownership we have permitted of, say, The Sydney Morning Herald and The Melbourne Age, bearing in mind of course that Australians can in some places, for instance, in Britain you might remember Rupert Murdoch's big breakthrough was buying News of the World and News of the World newspaper in the 1970s.

Now, if there had been heavy foreign restrictions on Australians buying or foreign interest buying British press that wouldn't have happened and since then, of course, he has bought the Fox Studios in the United States. He has bought into what is now the Fox Network, he has put together what is called the Fox Network. So, we try and keep a premium on our cultural identity and our cultural values, I think it is just a matter of exercising some judgement and some sense when these things come along. And they came along basically because the current owners at the time in the case of Channel 10, the current owner at the time sold from the business because they were not able to make it fire. You know the story of Channel 9 of course and Channel 7 and the same with Warwick Fairfax, who bought his family interest out of The Sydney Morning Herald and The Age and The Financial Review but then couldn't make a success of it. It was on the market and in the hands of the banks. So I take your point but I think we have just got to measure those things off against our national interests and try and make it fit and make the money go around, make it work.



RU: Okay, thanks for that Robert. Let's now go to Ellen from Thornleigh. How are you Ellen?

C: Well, thank you, good morning Paul.

PM: Ellen how are you there?

C: I believe I am typical of many pharmacists who are concerned about the nearly 50 per cent rise in the safety net level for people who have genuine medical conditions such as asthma, heart problems, hypertension, arthritis. We are continually having to supply free drugs such as valium, serapax and panadeine forte to the soft drug addicts. The people who visit many different doctors for free, under the Medicare scheme, and once they have got their \$135.20 limit for prescriptions, they get free scripts for the rest of the year and they go from pharmacy to pharmacy and they are just abusing the whole system and there seems to be no rehabilitation for them. We are concerned for the patients and we are also concerned for the cost to the Government and the taxpayer.

PM: Well, these are really legitimate worries and this is part of the issue about what doctors should be prescribing, when and where. Of course, if patients end up shopping around, there is only so many doctors they can shop around. After a while doctors get to know them and there should be more perhaps judicious use of the scripts for these things as you say serapax and valium and panadeine forte and these various drugs. Part of the reason why we have got the safety net set at \$600 is that people have got to find their costs up to that level and after that it becomes free. So that is there to protect the families that do have a couple of children and run into a bout of sickness and so they are not put into some sort of financial stress trying to find pharmaceuticals. Now you will also find other people get on to that bandwagon and use that opportunity. Part of the problem is, of course, that drugs are becoming more sophisticated, more effective, but also vastly more costly and in any list of drugs where they are provided at concessional rates, I am sure the authorities who make the list up have always got to keep an eye out on the practical and effective use of the drugs and what they bring versus the costs. So the scheme is basically a scheme to limit the cost and put some cost on to the patients and the pharmaceuticals, but at the same time not put heavy penalties on families or other acutely sick people. Now there always will be people who slip through and get their valiums, you are quite right about that. But it is very hard to know how to deal with them.

RU: Now we have got time for last one call, let's go out to Lyn at Lawson. Hello Lyn.

- C: Hello, I will try and make it brief, but I have got two comments, not so much questions, but comments so I will leave them with you. Mr Keating, you are taking the credit for the current interest rate drop will you then also take credit for them rising to 18 per cent a few years ago when you were Treasurer?
- PM: I didn't take the credit, I got the blame for them didn't I and let me just make this point. Had interest rates risen on Friday, people would have said "Budget condemned", the Government would take responsibility. But if they go down, people say well it's not the Government's doing. You can't win can you.
- C: But they were 18 per cent under you.
- PM: And they went up to 22 per cent under Mr Howard, so what.
- C: Well neither is any good.
- PM: But they are now down. They went up to 18 per cent and they dropped down to 6. They dropped from 18 to 4 1/2 per cent.
- C: But a lot of people were hurt when they went up to 18.
- PM: And they went up because banks were lending money like there was no tomorrow. That is why you saw the big blowouts in these private financial corporations and the rest. That was unsustainable for the country and we are now back to a sustainable low inflationary, low interest rate future. That is progress.
- RU: We have to leave it there, we are running out of time. Thanks very much for your's today and you wouldn't like to tell us if there is going to be an election this year, would you?
- PM: I see a few people in my Party saying, I like their optimism, we ought to be going to a poll earlier, rather than later. But the only person fortunately in the happy position to decide that is me. (Broadcast interrupted for news.)

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