



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
INTERVIEW WITH KATHY BORDER, ABC RADIO, BRISBANE
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KB: Prime Minister, this announcement today - what difference will it make for the average person, their complaint being more often than not, that legal help is simply too expensive, and it's not worth going through the legal processes?

PM: I think that's right - I think it's very threatening for people, and they feel as though the justice system is there for the wealthy, or for those in the know, or those who have contacts, or what have you. And this is a very poor basis for us to continue the sort of deepening of our democracy, the sense of participation that people have in it, so we think this is a major grass-roots change to change the access to justice, by removing barriers to justice, to removing the resort to go to court and to litigation by resolving and preventing conflict, and - if you like - restoring confidence in the justice system itself - they are the 3 elements of it.

KB: And it will be cheaper?

PM: We are going to add...it will be cheaper, because there will be more competition among lawyers for services. People will have a better idea what costs will be. In fact, in the federal jurisdiction, we are going to ask lawyers to actually outline what the costs of a particular course of legal action might be, so that a proponent could have some other avenue available. And part of that is always better conflict resolving approaches. But the other we are going to do, is we are reforming legal aid and providing another \$17 million in additional funds over 4 years for more assistance for civil and family law matters. At the moment, a lot of the legal aid money is swallowed up in the criminal law. We are going to even that up a bit with civil and family legal matters. We are spending another \$30 million over 4 years to expand the community legal centres, and

community legal centres are your really grass-roots access areas - the very things you are talking about. We're establishing 9 new community legal centres in outer urban and regional centres, and they will target more services to children and youth and human rights and discrimination. So those sorts of things.

KB: Lots of initiatives. Can we move onto the Mt Isa Mines dispute - it's still in limbo there. management has agreed to talks, but only with 2 particular unions - why do you think those 2 particular unions?

PM: I'm not party to the discussions. I think there is a demarcation issue here, the one you identified about the unions, and there is also an enterprise bargain going on at the same time - so it's a bit of a mixed grill. I think there's some good news in the fact that they have agreed to talks, and I know that the ACTU is doing what it can to try and bring the process along and so is my colleague, Laurie Brereton.

KB: Do you think management should be giving more ground, though?

PM: I'm not party to the discussions, so I can't give you that sort of close-in comment. But obviously, the more goodwill there is from management - or from both sides - towards a settlement - people have generally got to want a settlement. If they want a settlement, I think we could probably get one.

KB: Variable interest rates - lots of movement there lately. What do you see happening in the near future - up or down?

PM: I think for the moment it's down. I notice one of the Tasmanian banks reduced its variable interest rates today. We saw a couple of solid reductions from the major banks last Friday. The main reason for that is, I think, that there has been a change in the financial markets, and the long term bond rate has dropped from 10.1% about a week ago, to 8.9% - it is now under 9%. The reason for that is that the Budget changed the bond selling program - the Commonwealth sells bonds to fund the Budget deficit. Last year, we sold \$21 billion worth of bonds - \$21,000 million. Because of the Budget this year, we will sell \$6,000 million. So there is a \$15,000 million reduction in the bond selling program of the Commonwealth, and that's what has reduced the interest rate - the yield - on the long term bonds, and that's having its impact now on the variable housing rates.

KB: But isn't a bit of stability needed - just today, we have got figures out - new housing figures - showing that home loan approvals have slumped. Will the Government be looking at stabilising that?

PM: The thing is, late last year it was running too strongly. It's either going up, or it's going down. The aim of policy has been to slow the

economy down from these exceptionally high rates of growth we had last year. Last year, in the year to September, the economy was growing at 6.5%, which is far too strong for us. In the Budget forecast, we have now got 3.75% for the year. In other words, those interest rate adjustments of late last year seemed like they have done the trick - they started to slow the economy down. But part of the slowing is there is a change in consumer sentiment that comes with it. That impacts into housing, but it will change. As this lower rate structure is moving into place - lower interest rate structure - as there is more confidence around since the Budget, this will start to have its effect on the housing industry - a beneficial effect.

KB: So you're happy just to let things go as they are at the moment?

PM: Basically, there is no shortage of housing funds - it's really up to people to want to bid for them. Before I became Treasurer in the 1980s, you couldn't get the funds at any price, because they were all regulated. There was a certain amount of funds, and that was it. It wouldn't matter how credit worthy you were, you couldn't get them. But after we opened the financial markets up in the 80s, you could get funds for housing - it's really just a matter of whether you want to apply.

KB: There is some controversy surrounding that the Health Insurance Amendment Bill - last night here in Brisbane we had hundred of Doctors meeting, and they decided that they won't be signing any contracts with private insurance funds or private hospitals - do these amount to underhand tactics, and what effect will it have on the Bill?

PM: Well, you get, I think, this sort of behaviour where they resist these sorts of changes. But in the end, what we think is unfair for patients is they go in - let's say they go in for a hip replacement, or an appendectomy, or whatever it might be - and then they have the anaesthetist charge added on, they have the diagnostic imaging added on, they have the support of ward attendants added on, and what we are trying to do is get the one price. So when you take your insurance out, if someone says "I have got to go in for a hip replacement", there's one price. But that means that the health fund has got to be able to sign up, and the hospital, has got to be able to sign up the doctors. So the doctors agree to do it at a fixed price. Now, sometimes they will do it more inexpensively than the price, other times - with a complication - it will cost more. But they will get an average price. It's the one way we can start getting some certainty into private insurance, and it's one of the ways whereby people will know that if they actually take out private insurance, and they go in for some elective surgery or non-elective surgery as the case may be, they are not up for a heap of other unforeseen expenses at the end.

KB: But if the doctors refuse to sign these contracts?

PM: Again, we are not going to get reform of the medical system quickly or easily. I mean, you will always get these argy-bargies going on - in the end doctors want to protect...surgeons want to protect their incomes, being able to charge as they see fit for the particular time and attention they give a patient. And not to be party to, if you like, arrangements with health funds, or with hospitals. If they want more private people in private insurance - and that's what you hear from them all the time - they're going to have to give some ground.

KB: On to the car war between the US and Japan - you are, of course, going to Japan shortly. Is the US, do you think, taking a too hard a line with our Asian neighbours here?

PM: Well, the Japanese-US problem is basically a savings issue. The Japanese are high savers, the Americans are low savers. And the Japanese - the high savings means that they have been able to run very large investment programs, larger than the United States. This has given their industries an enormous comparative advantage. The Japanese, I think, also are at a bit of a crossroads. They want to encourage greater consumer choice by buying products other than those made in Japan and that is taking time. Probably more time than it should of I think the Americans have probably got a point there. But again, these are going to be evolutionary changes and they are not going to happen by the United States taking a sledge hammer to the Japanese. It is not really the way to get things done and we ought to be concentrating on more open and freer trade generally and curing some of these savings imbalances.

I think a lot of Japan's problems could be solved if more of their savings were spent on themselves. That is, if they lifted domestic demand, improve their housing stock, improved their infrastructure, their roads, improved the environment. By doing that they would run down these current account surpluses which would ease a lot of their trade tensions they are getting out of a very high valued Yen. I think that is the way it is going to come, it is not going to come by bludgeoning.

KB: Just on that though, how do you think this car war will affect APEC?

PM: I don't think it will affect APEC. APEC is about the multilateralisation, that is, getting the group of countries in APEC to agree to a set of rules among them, that is, multilateral rules. The United States has looked somewhat askance at all this because being the biggest dog on the street, it has always taken the view that they will have what they call unilateral rules: rules for one - wherein they can decide what trade deal they want to do or what trade deal they want to propose. The whole emphasis on APEC is for multilateral solutions, that is, the

solutions of many, of all the countries in it. APEC is just a bit too good for the Americans to pass up. So, unilateralism aside, I can't see it really being any impediment to the continuing progress of APEC.

KB: We have, of course, got the Federal and a Queensland election looming. Is this going to be your last election campaign as Labor leader?

PM: I hope not. My God, you are pensioning me off already. I thought I was going all right here! I mean, you have got me on doctors and over to APEC, then onto health, I thought I was cracking along all right. Now you have got me in retirement!

KB: How much longer are you going to be at the helm then?

PM: Look, you know what happened? In the 25 years before I became an MP nothing happened in Australia. What happened is the public system threw the pass. In the Rip Van Winkle years of Menzies and Holt and Gorton and McMahon, very little happened and very little happened in terms of structural change. I have been in that generation of MPs that had a chance of remodelling the Australian economy into an internationally competitive, externally orientated country and kicking the policy changes through like we did last week with the budget, with occupational superannuation for the whole work force. Every person putting away 15 per cent of their income for savings. The average person going out on a pension of \$33,000 a year. Those sorts of changes are what makes it worthwhile or APEC which you have just spoken of or Mabo or Working Nation - helping the long term unemployed back into work. These are the things that keep somebody like me in the game.

KB: Are you serious, you don't think anything was achieved until your generation came into politics?

PM: No, basically what happened was Australia went to sleep. We just picked up the post war growth and said that is it. We have just got to sell a bit of gold, a bit of iron ore and a bit of wheat and we will be right. Well, of course, we were not right so by 1983 the terms of trade, that is the value of the things we sell compared with the value of the things we buy, had changed so dramatically Australia had a big current account weakness and all this exposure to international debt. We had only three kids in ten completing secondary school. This year we have got eight in ten. We were rapidly becoming an unsmart country. We were massively uncompetitive and we are now 40 per cent more competitive today than we were in 1983. We have had 26 per cent employment growth since 1983, household disposable income has risen 40 per cent since 1983.

KB: If things are so good you will want to go to an election soon then?

PM: Well, no, I am just making the point that good public policy ... look at a country that has had a decade of good public policy and you'll see one bounding ahead and Australia has had a decade of good public policy and it is bounding ahead.

KB: Can you tell me what you see as the major differences between yourself and John Howard?

PM: Answer in one word - policies - we have got them and he doesn't. You notice Laurie Oakes in the Bulletin say this week of Mr Howard, it was headed "Politics without Policies" and that really says it all in one sentence about John Howard. John Howard thinks he can come back into Opposition as Opposition Leader after having failed to distinguish himself as Opposition Leader and as Treasurer and because we put interest rates up last year, as we needed to do to slow the economy down, he thought, "oh well, the Government will be a bit on the nose, I'll slide in and become Prime Minister". Well, the thing about John, what he is finding out is the public actually want some performance, they want some policies, they are not going to give him the ticket without knowing what he has in store for them.

KB: What about as a person, are there any qualities about him you like?

PM: He is a fluffy enough sort of character. I don't mind having a chat with him if I am sitting with him at something. But, the thing is, the problem about John Howard is he belongs to the 1950s. He is a 1970s politician with the 1950s values. Here we are in Asia, where for the first time in Australian history we have the big economies of the world at our doorstep. We are in the fastest growing part of the world for the first time ever, but physiologically, John is still set up for Europe and North America. He said 'if that Mr Keating can convince me about the republic, why, in five years time ask me the question, I might be in favour of it.' In other words, "if Mr Keating will lead again, I might follow." That was the same on the floating of the dollar. That was the same on deregulation. That was the same on breaking the tariff wall down. That was the same on changing the education system. That was the same on Mabo. That was the same on superannuation. So, now he is saying 'oh, actually I agree with him on tariffs and I agree with him about Asia' to which I say, well if you agree with me, if you agree with us, why not let the authors of the policies be the Government and not somebody who wants to appropriate their policies.

The thing is this, Australia has moved on from the Rip Van Winkle years of Menzies when the country, in policy terms, was asleep. That is John Howard's period. That is the period he looks to as a model. Australians now want change and they know change has given them a more interesting vital lives and higher incomes and more security and

particularly that linkage to Asia. They know that. They know there is a low inflationary culture now that wasn't there in his time. They know that we have inculcated in the whole generation of managers and trade unionists a productive culture. Product innovation is the order of the day. We have doubled, just about, the proportion of our exports to GDP in a decade. All of those things have come about and they are not going to take somebody who says "well basically, look, I have got no policies, but I can give you a smart quip on 'AM' or 'PM' or on a radio program ...

KB: You are not into smart quips?

PM: ... and, you know, I can duck through without any real policy." Well, you can't duck through. It is all over red rover. They are not going to cop it.

KB: Of course, you are here in Brisbane today, have you met with Wayne Goss at all to discuss elections?

PM: No, I haven't seen Wayne. No, I launched the Justice Statement and then I have just had a lunch with the Lord Mayor and we had a discussion about some of the problems of greater Brisbane, about water supplies, about transport and I had a chance to meet some of the distinguished members of the media on the way through and all in all it has been a good productive day.

KB: Thank you for coming in, Prime Minister.

PM: Pleasure.

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