



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
INTERVIEW WITH RON EDWARDS, RADIO 6PR, 26 JULY 1995**

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RE: There's a lot happening on the national political scene recently, including the impact of the Queensland election. I'm joined on the line by Prime Minister Paul Keating. How are you?

PM: How are you, Ron?

RE: Now, Paul, first of all what is your assessment of the outcome of the Queensland election. We now know that Wayne Goss is back narrowly, is that a setback for you?

PM: I don't think necessarily it's a setback. Put it this way it would have been a clear setback for the Labor Party nationally had he lost but he hasn't. It is a reduced majority and we always like to see our majorities maintained and I just think it means that he has made clear he will try to understand why there was such a vote of disaffection with his Government and I think from a Federal perspective we will be interested in what we believe that sort of inquiry brings.

RE: Yes, he certainly said that, there will be an inquiry. As you move around the electorate, people like Wayne Goss and yourself get messages from the voters about the things that are worrying them. What are they saying to you at the moment, the worries that they have got as far as the economy or politics are concerned?

PM: Well I think there is doubt about the economy and this is the great pity I think because we have just had, you know, confirmation again today of low inflation, in today's consumer price index. We have got the economy running at a sustainable rate of growth. We are seeing, last week, 50,000 job growth for the month, bringing employment, since the last election, to 630,000, which is an enormous number. We are seeing strong investment, the stock market hit its high for the year a week ago. So I do think, though, there is this view about that, you know, John Howard put around this sort of terrible little lie which the Reserve Bank Governor exposed, that we are having five minutes of

economic sunshine. Well after the next quarter, we will have had four straight years of growth. Come the next quarter, we will have had four straight years of growth since the recession in 1991 and I think the sort of attempts by the Opposition to sabotage the economy, to say that all is not well, it does eke its impact on the community.

RE: Are you satisfied with the gains on the interest rates front because there was some doubt earlier in the year as to what the direction of rates would be? We have seen recently some encouraging signs. What does the future hold for us then?

PM: Well I think the most encouraging sign there was basically the long rates which are set in the market place. We saw them come down by about a percentage point, that is the ten year bonds, and that was because of the Budget coming back into surplus and the main guide to where interest rates will go in the longer term is inflation and demand. We have got inflation today making clear that we have basically left behind now high inflation, further confirmation of low inflation. You would remember that we did the Accord a couple of weeks ago, which says that the wages system will be run to produce 2 to 3 per cent inflation.

RE: So you think you have been able to lock in some industrial stability and reasonably moderate wage increases?

PM: I thought the Accord Mark VIII was a phenomenal document. I mean here we are in a period of industrial disputation lower now than at any time since we have been keeping the records and with the trade union movement endorsing the Reserve Bank's inflation target of 2 to 3 per cent. That is a tremendously encouraging outcome for Australians, I believe, and we are seeing the economy come to a sustainable rate of growth, Ron. So you put all those things together and I think people can look forward to, and of course that phenomenal employment coming through, I think people can look to the continuation of stable, low inflationary, economic growth with employment.

RE: Does it worry you when we get our monthly balance of payments result?

PM: Well some worry me more than others, of course. But the Opposition are going around talking about the Current Account Deficit as if it is the only economic indicator which matters. 2 1/2 years ago the only indicator which matters was the right to a job - unemployment and the Government committing itself at the election to bring Australia, to bring more employment to this country. As I said to you, we have had 670,000, I think I said earlier 630,000. It is actually 670,000 jobs in 2 1/2 years. So that is the hardest thing for any Government in Australia to deliver, that is growth and employment. That is what, in fact, we have delivered. And I think about the current account,

people look at that and the debt and if they take John Howard at his word, they would swear blind the debt was their's. If BHP decides to spend \$1.8 billion on a new iron plant in Western Australia, that is for the BHP Board to decide. It is for lenders abroad to decide whether they want to lend, that company, or this economy, on those sorts of investments. In other words, they're consenting decisions between consenting adults. For the Government to be saying to BHP how dare you build a new iron plant. Of course if BHP wants to build an iron plant, that is for them. But this notion that the debt belongs to every Australian person. I mean when Alan Bond's company failed to be able to meet its obligations to the tune of \$3 to \$4 billion, from memory, there were no mums and dads picking that up. It was picked up by the banks who lent from abroad.

RE: Well if we can talk tactics for a minute and about John Howard. John Hewson gave you a large target with Fightback and all its ramifications. John Howard has declared that he will give you very little targets and when you look at it as a tactic, it seemed to work for Mr Borbidge in Queensland and, at this stage, it seems to be working for John Howard. How do you propose to counter that?

PM: I think the old hardline, right wing, John Howard is coming out, it is seeping out from the pores of his skin because when he did the Headland speech, his last one - so-called Headland speech - the definition of a Headland speech is the thing you say when you are saying nothing and get front page coverage. But it has worked so far for him. But in this last one he said he is going to hop into labour market reform and have big cuts in Government spending. Now that is a confirmation that there is no shift in his policy position. Every Australian person should understand when John Howard talks about labour market reform, he is talking about cutting the wages of working Australians. He doesn't believe there should be a no disadvantage test. See at the moment, under our legislation, if someone makes an individual contract, or makes an enterprise bargain, we have a no disadvantage test to make sure that worker, or groups of workers, will not be worse off. Howard will abolish that and basically push the minimum, break the Award minimums, which underpin the Australian industrial relations structure. So he is out there saying, and I think people should understand this, whenever John Howard says "labour market reform", read: cutting wages of low to middle income Australians. That is what he means. When he says, as he did in the Headland speech as well, "we are going to have a large cut in Government spending", read: cuts to pharmaceutical payments for pensioners; read: cuts in payments to schools; read: cuts in family support payments because as Ralph Willis can tell you and I can tell you having been through the Commonwealth Budget now on about 20 or 22 occasions, we know the outlays pretty well and the other Ministers in this country. I can assure you there is no way you can cut \$8 to \$10 billion out of Commonwealth spending without cutting

pensioners pharmaceuticals, or payments to schools, or family support.

RE: Mightn't John Howard say that you are putting words in his mouth, he hasn't said all of those things?

PM: No, but he has made that very clear. I mean he has made it clear that he is going to have ... he said big cuts in Government spending in the Headland speech. They're talking about a 1 to 2 per cent change in GDP. That is somewhere between \$5 and \$10 billion. Those sort of cuts can only come from the areas I am telling you, Ron.

RE: Right.

PM: And I am just saying that advisedly. There are no other areas where that sort of money can come from. And what he has made very clear about industrial relations, is that there will be no disadvantage test - that will be gone. The no disadvantage test will be taken away and you will either take the individual wage contract, or you will take the sack. Now he has this little twist on it saying "oh well, look, we will leave people to opt out of the Award system if they wish". He is presuming that Australians don't know that roughly 1.8 million of them every year, change jobs. For a start you have got all of the people leaving school taking up jobs for the first time. You have got migrants. You have got the people who change jobs. About 1.6 to 1.8 million Australians change jobs every year. Every time they do, they will lose the Award protections, lose holiday leave loadings, they will lose the overtime commitments, all of the other elements which make up the Award will be put asunder and people will be pushed back onto some unspecified minimum.

RE: Paul, can we now move to your side of politics? Carmen Lawrence has sustained some political damage in recent days because of events here in Western Australia. How do you propose to handle this?

PM: Well she has sustained some damage because you have got the executive branch of Government extending its long arm by employing a former judge to inquire. The former judge has been given a job by Richard Court. It is just the same were I to appoint a Royal Commission to inquire into what John Howard said to Malcolm Fraser about "bottom of the harbour" tax schemes. What they said that night after a Cabinet meeting. What they said on the way into the Cabinet meeting. What they said in Mr Fraser's office.

RE: Wouldn't she be better advised to actually come out and say what occurred because, at this stage, it looks as though she is trying to avoid this inquiry process?

PM: No, I think, what she is doing is defending the right of a Member of Parliament, a traditional right of a Member of Parliament, and

Members of Parliament to go about their activities as an executive, or as a Cabinet, against the wishes of the executive branch of Government. In other words, she is defending the right of her Government and her former Government and her former Cabinet meetings to enjoy the Parliamentary protections away from an incoming executive Government.

RE: So you would support her current tactic of going through the court processes?

PM: Yes because you see Richard Court is abusing ... for a start he is abusing the taxpayers of Western Australia by blowing this money on what is essentially only and it is exclusively a political matter. There is no question of impropriety here, illegality here. It is only a political matter.

RE: He would say he is trying to get at the truth of what occurred at the time.

PM: Well I can say I want to get at the truth. Why did John Howard refuse the so-called telephone book of letters on the "bottom of the harbour" tax schemes from Bill O'Reilly, the then Tax Commissioner. I could get to the truth too and set up a Royal Commission into it. Get Mr O'Reilly back, get Howard back, get Fraser back. You know what would you think about that?

RE: So your view is, at this stage, you are standing behind Carmen Lawrence and see how the events work out?

PM: Absolutely and what you have got here is a cynical abuse of power by the Western Australian Government extending ... the judge sitting as the Royal Commissioner is acting for the Government - for Court [Richard], the Premier. It is not a legal matter. It is not the court system. It is not the Parliament, or the court system. This is the executive and this is a matter of principle. That is, whether the executive has this power, or ought to have this power, to be able to require a Member of Parliament to come and account, when Members of Parliament have enjoyed these protections way back into English and British history.

RE: Right. Paul, just finally very quickly, policy on France in relation to nuclear testing. Are we doing enough?

PM: Well we have certainly, I think, made it very much more uncomfortable for the French Government. I think that all Australians were affronted by the fact that France, a democracy, is itself affronting smaller States in the Pacific and we have now, by withdrawing our Ambassador, by curtailing our defence arrangements with them, by now seeing what we can support in the United Nations on this issue, by proselytising in the press as I have in France. All these things, I think, have put pressure

on President Chirac and that pressure is now also coming from the European States and, more recently, from Japan. I think that is the thing to do. I have got John Howard who is now these days running around saying anything that he thinks will suit the moment. Yesterday he was telling a group of school children that he would suspend uranium exports to France, when he knows full well that it is not his Party's policy. He is, at the same time, saying he is thinking about sending a frigate to Mururoa Atoll. But what happens when the frigate gets turned around by a French frigate? Do we walk off with our tail between our legs or do we fire on it. Let me just say this Ron, I don't think Australians want us to go firing on French ships.

RE: I don't think so.

PM: OK, thanks Ron.

RE: Thanks Paul.

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