



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP QUESTION AND ANSWER SESSION, NATIONAL PRESS CLUB, THURSDAY, 24 AUGUST 1995

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- Q:** Tony Wright, Sydney Morning Herald. Prime Minister, is it still your view as you stated a few weeks ago that the Western Australian Royal Commission doesn't matter a tinkers cuss? Will the Government continue to try to ignore the fallout from that Royal Commission and would it ignore a finding that Dr Carmen Lawrence lied about her role in the Penny Easton affair?
- PM:** Well, the Liberal Party have got Carmen Lawrence on trial for the suicide of Penny Easton, that is what is on here. You know it is on. It is unjust and it is immoral and we are not going to be any part of it.
- Q:** Jenny Hewett, the Australian Financial Review. Do you think it is politically acceptable for a Minister to lie? Is there a question of morality or ethics involved or is it what you can get away with politically?
- PM:** I think, I hope, probity in public life and integrity in public life are the stock and the core things about public life and as I have just said to you, all honesty and integrity in politics starts with policy not tricky, slick statements by politicians at doorstops. But, if the imputation of your question is that Carmen Lawrence is untruthful or has lied, you have prejudged her and not even given her the opportunity - unfairly of you - to put her view.
- Q:** Lenore Taylor, The Australian. You spoke in your speech a lot about marketing and products. John Howard has been outpolling you by and large in recent months, even without a product. How do you explain that? Why don't you think the voters are focussing on the product, they seem to be agreeing with his marketing even without policies released yet?
- PM:** I don't think you should jump to conclusions about the polls. I honestly think they vote on policy. The Government has won five successive elections. We have won them all basically on policy. We won 1984, after our first election, on the huge changes to economic policy between 1983 and the end of 1984. We won in 1987 because we were responding to the worst terms of trade Australia had enjoyed since the great depression. A huge change to fiscal policy, a huge reorientation of national savings. That is why we won. We won with the May Statement of 1987 and two months later we won an election with it. We won in 1990 because we had given Australians the growth phase and the employment that we promised them. We trebled the rate of employment growth that the Coalition was able to provide over its seven years of office. We won in 1993 because of the changes I have mentioned - One Nation, the commitment I gave as Prime Minister to restart growth and employment. We won because of the commitment to those age old Australian values of egalitarianism and fairness. We won because we had a view of Australia which was the view of the enlargers of Australia and not the straighteners and

punishes. And we will win next time because the Labor Party alone has the capacity to change Australia inexorably, to give it a long run low inflation period of growth, to see it adopt a productivity culture, a savings culture and to give it a place in the Asia-Pacific the Liberal's could not even have conceived of.

They are the things that win elections and while, no doubt, the public always like to think they have got a choice in their opposing party's leadership, particularly after the disappointment of Mr Downer and the then rush, the lift and the buoyancy of the poll support which Mr Howard has got, it is gradually coming off and it will come off most obviously on election day.

Q: Ian Davis, The Canberra Times. The Reserve Bank said in its annual report yesterday, despite improvements in public and household savings Australia still needs to improve its savings performance, lift living standards to improve. Does the Government accept that it needs to go further in improving national savings? Is renewed tax reform part of this necessary equation?

PM: No, I don't think so. I think what the Bank was referring to was a need to cut back on such things as double dipping and superannuation, through the need for tighter preservation rules and access to lump sums, these sorts of things. Over time, of course, with the remedial changes we have in place the grandfathering provisions from the pre-1983 changes, those were in place, a need to continue to deliver on the budget balance. That means we will have a budget balance in place as the Reserve Bank report notes, but need to keep it there and that is a message not only to the Government, but to the Opposition and the Senate. I think, the need for the Senate to support the Government's fiscal tightening strategy, I think, that is another very clear imputation or implication of the report. I have already mentioned in the speech that superannuation is going to be worth about four per cent of GDP in savings. The budget balance will have shifted from last year over the next two years by about four per cent of GDP. That is eight per cent. Alright, it is in an up-cycle. Knock one or two out of it if you like for an underlying number and we are looking at a six percentage point savings change to deal with what, a 1.5 percentage point problem? We have had the current account deficit running at about 4.5 per cent of GDP. It is stable at about 3 or just under. So we have got a 6 percentage point fix in for a 1.5 percentage point problem. I think the Governor and the Bank are right to say to the nation, to say to the political system, keep your eye on the public sector. And also, keep your eye on the big change in occupational superannuation.

Q: Alan Sunderland, SBS TV. Mr Keating, you have said that the next election will be won on policy. Do you think that your Government needs to come out with a major new policy statement, an economic statement or some sort of other big picture, non risk averse package before the next campaign, or do you think you will fight and win the next election, essentially, on the sort of policy mix you have outlined?

PM: It is hard to get the signals from you. You are telling me big statements don't work and then you are saying maybe we need one. This has been the government of change in the post-war years. From 1983 until now we have changed Australia to make it an internationally competitive country. Look at those numbers we mentioned. We are 40 per cent more competitive today than we were in 1983. Not four. Forty. We have had a 40 per cent increase in household disposable income in the period. We have had a 20 per cent increase in household income per capita. We have seen exports grow from 13 per cent of GDP to 22 per cent of GDP. We have seen over two million jobs created. We have seen 680,000 jobs in two and a half years. It took us from 1788 until 1983 to get to six million and we have added over ten per cent of that in two and a half years. We have created a complete culture of change in productivity in the country, a change of attitude in the industrial workplace on the part of unions, on the part of managers, of businesses. We found ourselves a place in Asia that Australia of the past had never had before. It has come from a Labor Government and we will keep on doing it.

Now, having pulled the sock inside out, I don't know whether you want me to pull it back the other way. That could happen of course, we could go to sleep again, we could put the tariff wall up, we could run the flag up and ask people what they think about higher tariffs. If they don't like it run it down slightly again. We can hang on the monarchy. We can do the Native Title Act in. We can refuse to talk to the General-Secretary of the Vietnamese Communist Party even though the US Secretary of State is quite happy to speak with him. We can turn our back on the region and we can go back to sleep. We can do all that by electing John Howard.

Q: Glenn Milne, Seven Network. You accused, I'm not sure whether it was us before or the Opposition, of prejudging Carmen Lawrence by suggesting that she should have her day before the Royal Commission. Does this mean that you are effectively suspending judgement on her version of events until she testifies or do you believe that Carmen Lawrence is telling the truth?

PM: I can always rely on you to keep on the main game, Glenn. There is only one clear message here. The Liberal Party have Carmen Lawrence on trail for the suicide of Penny Easton. That is what it is about. And that can't be made to stick. I notice just a day or so ago we had a reference from the person who has been her chief accuser - in a sense, within the former government - or if not chief accuser one of them, her former deputy, he said '... I couldn't pin down any direct relationship between the death of Penny Easton and the petition, no one will ever be able to do that.' Her mother, Barbara Campbell, went on to say these things '... what about the suicide note, Mrs Campbell?', The questioner says '... the section that has been published in the media refers to the petition, but there was more to it I gather? Does that offer any clues to a suicide? "Oh yes, it offers an awful lot" says Mrs Campbell. '... Other clues beyond the petition?' "Oh yes, definitely. I mean the background, the family court. She mentioned the family court needed to be looked at. I mean, you know there is also the case that we are all accused falsely of committing perjury in the family court, that these are issues to be looked at'. 'Beyond the petition itself?' 'Yes, definitely. I mean, there was bankruptcy proceedings and all sorts of things. She was still there when she died. There was a High Court hearing still to be had on who had precedence - the bankruptcy court or the family court. 'So, her life had become very confused' says the questioner 'lots of things apparently going wrong, things drawn out, she felt brought this all about. So the petition was just one factor? Mrs Campbell "Yes, definitely".

Now, we have had the Liberal Party, under Mr Howard's leadership yesterday accusing her of Penny Easton's suicide. No such link, I think, can be made. If the petition has no established link to her suicide what is the point of the Royal Commission? What is the relevance of it at all? At all? Other than who said what to whom in a former Cabinet three years ago. And that is why, in the end, if people want to go chasing down motives for the death of people we have processes, we have coroners inquiries and then we have the courts. But these things can't be resolved in a Royal Commission which is not even looking at, on the expression of the Royal Commissioner, the actual suicide or the motive for it itself. So what therefore is the relevance of the inquiry.

Q: Niki Savva, Herald-Sun. Would you as leader tolerate the tabling of a petition containing details of a Family Court matter, in order to embarrass a political opponent?

PM: Well the answer is I wouldn't. No, I wouldn't. I wouldn't anymore than I would let MPs in my Party stand under the privilege of Parliament and accuse somebody of being principally at blame for the suicide of somebody as John Howard did yesterday. But can I just say to you that on that theme, I think that I don't think I would agree either that Mr Lightfoot, who was among the first who raised this in the Western Australian Parliament, who said this "Is the Premier aware the two passports of Mr Brian Easton, the Commissioner of the Western Australian Public Service, had been confiscated by the Federal Court? Has Mr Easton sustained his resignation? If so, on what date did he resign? Is he to receive an ex gratia or severance payment exceeding normal public

service regulated payments?" He goes on. And the answer says this "I am asking you for confirmation." The then Premier says "I know Mr Easton is passing through some marital problems at the present time and I suppose that is another story, but it may have something to do with that. I hesitate to say that because I do not know. I have no doubt that if he will not provide the identity of the MP that the MP will not provide the identity of the avenue through which the information is coming, it will be disclosed in the next week or so." I wouldn't approve of that either. Could I also say that I endorse the sentiments of the then Speaker, who said this "I refer Members to certain Questions Without Notice which were asked by the Member for Murchison Eyre on Tuesday of this week. It has been suggested that those questions were based on information concerning proceedings before the Family Court. The lease of this information may well have been unlawful. The point that does concern me, however, is whether the privilege of the freedom of the House might be being used to circumvent an explicit order of a court or a written law of this country. Obviously it makes a mockery of observing a subjudice convention if the House tolerates or encourages speeches or questions aimed at subverting an order or rule given in an appropriate court. Likewise, this Parliament should not permit its privileges to be used to circumvent the written law of the Commonwealth aimed at protecting the personal privacy of citizens." That is in response to a number of issues related to this marital separation and difficulty made by members of the Liberal Party beginning with Richard Court. I wouldn't approve of those either. But, hence, Mr Easton's petition and the tabling of it, which refers to some of these matters about what money he was to receive, how can you take the view with any justice that in some way all of the burden of the pressure of this issue has come via that petition and then take the further view that it came at the behest of Carmen Lawrence? I mean the Liberal Party started using Family Court material in the Western Australian Parliament. The beginner was Richard Court, followed consistently by a number of MPs and they were rebuked by the Speaker of the Legislative Assembly. And even after the petition I think was lodged, or about the same time, in 1989 there was a further reference by one of the MPs in the Legislative Council. Mr Masters on the 9th May 1989 "which former employees of the Western Australian Development Corporation, EXIM, received a payment from the Government or EXIM following their employment with WADC or EXIM for services rendered to either a subsidiary or some other Government Department." If you read the petition from Mr Easton it refers to these matters and the Liberal Party were in this right up to their neck. I mean where have you been living? Under a rock? Don't you read?

Q: Randal Markey, The West Australian.

PM: Oh it is such a high toned publication.

Q: Earlier in an answer to a question you were saying it would be unfair to prejudge Carmen Lawrence and deny her the opportunity to put her side of her story to the Royal Commission. Doesn't it say that it must flow from that that you will accept and abide by the findings of that Royal Commission. Otherwise, if not, the Government is contradicting itself because on the one hand you are saying that Dr Lawrence deserves her day in court to put her side of the case. And on the other you are saying that you will not commit yourself to abide by its findings.

PM: Let me correct the question. It is not her day in court. It is not a court.

Q: Her day in the Commission then?

PM: The relevance of the reference to the Commissioner ... if Penny Easton had not committed suicide there would, of course, be no inquiry and yet the Commissioner made very clear, very clear indeed, that he was not about, and his terms of reference were not about, any inquiry into the motives or circumstances of Penny Easton's suicide. So, therefore, in both real and political terms the terms of reference lack all relativity to the event and, therefore, lack political relativity.

Q: Tony Vermeer, AAP. The Reserve Bank yesterday warned about the dangers that inflation may be on the march again and you said after the Budget that the Budget had taken the pressure off interest rates. Do you now acknowledge that the pressure is back on and can your Government win an election with interest rates higher than they are now?

PM: I don't think you can conclude from the report at all that the pressure is back on. In fact, I think the last line of the report, if I can go to it, says "The balancing of these and other risks for activity and prices will be the key focus for monetary policy over the coming year. In the Bank's judgement policy is presently well positioned to respond as necessary to the evolving economic situation." It "is presently well positioned". So you can't adduce from that the imputation I think you were making there. And the Bank make a couple of other points: it says "The incorporation of the 2-3 per cent inflation objective into the Accord Mark VIII agreement", which is a very welcome endorsement of that objective, "should be helpful in this regard". That is, holding inflation. So there are any number of references of that kind and, of course, you know on some other general points, some very strong references to the public sector saving, a reference to a change in the trend of dis-saving by private individuals. I mean there is not much in the report the Government wouldn't endorse.

Q: Bruce Juddery, Freelance. Prime Minister I would like to get back to your speech if we may and more particularly to a couple of omissions from it. You went through many of the achievements of the Government. You didn't mention the efforts the Government has made to transform higher education from an elite to a mass system and your own initiatives which came out over the last couple of years to add to that dimension through technical and further education. As you will appreciate, although a lot more money has gone into higher education in particular over the years, there are people who would argue like the Vice Chancellors Committee and others have argued that okay you have said you can take so many more students, but then you haven't given them enough money to [inaudible] but the challenge the clever country is being fallen short of because you are not providing for research infrastructure and lots and lots of other things that they complain about, which we won't go through now because we haven't got all afternoon. Is there any chance of an improvement or a rejigging of the lot of technical and further education and higher education between now and the next election?

PM: An improvement in a

Q: In the lot of higher education. What is going to happen in the Innovation Statement which will impact on higher education and technical and further?

PM: Okay. Well let me approach the issue this way. You know that about 40 per cent of the completions in secondary education, 40 per cent of those students who have gone through to higher education. That has been the pattern in Australia, roughly. But, of course, when the completions were a small number, it meant that higher education was a relatively elitist thing. What the Government has done is to improve the access and, therefore, the equity of education to get those completions up and we now have them to around 8 in 10 students. They were 3 1/2, from memory, in 10 in 1983. So it is a revolution in participation in education. But we have kept up the 40 per cent largely throughput by adding places to higher education. We have added, I think, just on 275,000 places. We had 350,000 people in higher education in the early 1980s, we have now got just on 600,000. We have created the equivalent of about 20 universities of a campus size the same as Sydney or Melbourne University. So it is a huge change. One of the things that pleases me greatly is there is an increased participation by young women, in both secondary education and higher education.

But the other thing, of course, we had in *One Nation* was the Australian National Training Authority, the renaissance of technical and further education - building a national TAFE system to sit beside the Universities. Because this has always been the Cinderella of Australian education. That is, for the 60% who did not gain access to higher education,

they cascaded into a system without training. And basically, what we are doing now is rapidly growing the TAFE system to pick those people up. And in fact we had more people apply for entry into TAFE last year than we had apply for higher education, because there is often closer job prospects and job relevance, and a closer profile with the labour market, with vocational education, than is the case with higher education. So, we are hoping to have 2 mature competent systems. And, of course, in that we have had generous payments for students, HECS has revolutionised participation in university - every HECS dollar goes back into places. Every HECS dollar goes back into places. And, as a consequence, I think our education policies remain, now, the foundation of the modern Australian society and industry, of our thrust into Asia, of our future.

Q: Sid Maher from the Courier Mail newspaper. Just with the election approaching, I was just wondering if you are guaranteeing, sort of - Acts of God notwithstanding - whether you will stay around for the full term of the next Parliament if you are re-elected?

PM: I'll see you off the course, old son. If we could have a slow time-frame camera at these tables and this lectern, you would see me aging gracefully and most of you disappearing.

Q: Prime Minister, Malcolm Farr from the Telegraph Mirror. Back to interest rates, and your appeal for endurance from voters. The low inflation recovery is restricting the capital gain that many home-owners can expect on their property - and many of those home-owners are mortgage holders - but there is no equal and opposite reaction from low inflation in terms of interest rates. In fact, people are paying something like more than 3 times underlying interest rates for their mortgages - how long do you expect them to endure that? And as you were asked before, do you think you can go to an election with that situation still in place?

PM: Well, Malcolm, I think if you draw a line through, let's say, the most...the property market which has probably put on more value over time than any of that is the Sydney property market, and if you take that over 20 years, I would be surprised if it does much more than keep pace with inflation. I am sure you will see a great shift in values, 2 or 3 years, or every 6 or 7 years, and then it stops. It drops, it drops, and then it levels back out. So I don't know if people will whether people beat inflation anyway. That's the first thing, and the second thing is during the periods of high inflation, the housing interest rates have been much higher than what they are now. And we have got housing interest rates roughly around 10% - some are lower, of course. But they were 15-16% - some higher. And, of course, in the days when you had cocktail loans, you had some of them even greater again - you would have x% at 14-15%, and then you would have a lump at 20%. So, there has been a big increase in disposable income, coming off those falls in interest rates over the last few years, and, you know, as the sustenance of low inflation becomes obvious and endemic to Australia, the whole view of the capital markets both here and abroad start to change about the premium the nation pays for its savings. So you are getting up with a better result - in other words, a lower risk premium, if you like.

And so I think...and the other thing - I think most Australians also care about their children - about what happens to their housing. I think it is a big issue with people. And the system we had, of high inflation, was building mortgages and values for them that essentially enslaved them for all their working life. You know, trying to buy their first home in the prospects of ever-increasing housing prices. Affordability - we have seen very stark increases in affordability in the last couple of years, and I think this is a very good social trend - it's not a bad social trend, it's an unambiguously good social trend. But I just also see - I think it was in the Herald today - that someone in the real estate sector saying medium property prices in Sydney are lifting. I mean, these things will go on, but whether over time if you wash the inflation out...if you wash the inflation through, they do better than inflation I don't know. But the point is having a roof over your head - not having a lump of inflation over your head, because that ends up meaning having an inflationary mortgage over your head. So I think there is no...low inflation is an unambiguously good thing for Australia - it will give us higher real incomes, higher

employment and a higher standard of living than we have ever been able to obtain during the periods of high inflation.

Q: John Ferguson from the Adelaide Advertiser, Prime Minister. Did Sir William Deane's views on the republic influence your decision to back his appointment, and was the issue discussed at that meeting prior to his appointment?

PM: I have never discussed the republic with him. Not ever. We have never discussed it.

Q: Prime Minister, Alison Carabine from Radio 2UE. There is probably little doubt that the Penny Easton affair has caused problems for the Government - what's your assessment of the damage? And secondly, did you encourage Carmen Lawrence to bring forward her appearance before the Royal Commission, to try and limit that damage?

PM: I think she takes the view that...I mean, I think her appearance before the Commission can be answered this way - she takes the view that there is a sequence about her appearance, and that it is fairly difficult to ask of her, to appear, to rely on information that basically should be provided in the first instance by the petitioner, by the person who presented the petition, and the Clerk of the Upper House who drafted it. Now, one would think that was a logical starting point for such an inquiry. And not unreasonably, I think she wants to follow those people through the inquiry, relying upon not what she knows and hearsay, but the actual evidence they provide.

Q: Paul Bongiorno, Network 10, Prime Minister. While I accept that the Easton Royal Commission has all the appearances of a political witchhunt, which is given potency by the death of Penny Easton, isn't the problem for you and your Government - and I would suggest dynamite for Carmen Lawrence - is that at this point of time, 8 of her former colleagues contradict her recollection? So that on the balance of public probabilities, for fair-minded people looking at it, Carmen Lawrence's credibility is in tatters?

PM: But what was the word - I can't remember - you used about the 8?

PB: Recollection?

PM: Yes - recollection. But a recollection about what?

PB: About when a Cabinet meeting was held, and what was discussed at it?

PM: But the outcome of which was what?

PB: Well, the outcome was that I think it was about 5 days later....

PM: No - the outcome wasn't an established link to the suicide of Penny Easton.

PB: I accept that. But...

PM: Right. If you accept that, well let me answer it from there - if you accept that, then...

PB: ...but Carmen Lawrence told the Parliament 3 days later something different?

PM: Hang on - you asked the question. Once you accept that, you must accept the next point - the logical point of that - that the discussion doesn't have a causal connection or relevance to the suicide. And once you accept that, it is basically a set of recollections by people about a Cabinet meeting that has - in the broad politic - no particular relevance, and where honest people have different recollections, and where the person herself has not yet had the opportunity to put a view.

ends.