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PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
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PM: This chap beside me is Tony Robinson - he is the Labor candidate in Chisholm. This is one of the seats we will win at the next election. Mr Wooldridge is, of course, the Member, is basically a sort of private person who happened to find himself in the Federal Parliament, but someone who basically, doesn't like the public business - the business of serving the public and the nation, and wants to do it from his office desk with a press release. Well, our candidate here is out here hotfooting it around the community and we think this is a seat which is likely to fall our way when the election is held. And one of the reasons it is going to is industrial relations. What we saw today in The Australian is "Court's IR Bill Threat to Howard", and the reason it is a threat to Howard is because it has all of the ugly features of the Liberal Party's unrestrained industrial relations policies and attitudes. In here it says they were actually threatening unions with de-registration if they try and opt out of the State industrial system by transferring to a Federal award. So, all those employees who are protected in Victoria against Jeff Kennett's legislation by moving to Federal awards, and those who in Western Australia will try and do the same, the Liberals will try and be up on them in their own state, but were John Howard to become Prime Minister, of course, he would catch the lot of them under the Federal legislation, and they would all end up losing the things the award protections now give. Such as penalty rates, holiday leave loading, the overtime options and the rest. As I indicated in the Parliament yesterday, this could mean somewhere between \$4000-\$5000 to an average working person, and there I quoted truck-drivers, nurses and labourers.

So, it is a very real issue - John Howard has, for all of his political life, wanted to hop into working people and cut the incomes of the bottom half of the community. And what you are seeing here is Court

essentially blowing his game, just as Jeff Kennett did in 1992 ahead of the 1993 Federal Election with Fightback and Jobsback. So, industrial relations is going to be a real issue because the Liberals say they won't keep Labor's no disadvantage test - we say sure, let's have enterprise bargaining - which we have introduced - let's have flexibility, but not flexibility down. Not cuts overall. So, we have a thing called the no-disadvantage test - they won't have it. And as a consequence, what the Liberals want, and what they have always wanted, is not just flexibility - which they call IR reform - but flexibility down, which is really pay cuts. So, today, you are seeing it again. I mean, I don't think the people need the tom-toms beating any louder than this to know that Howard and Reith have in store a draconian industrial relations policy which will cut the wages of working Australians to pieces.

J: But they haven't finalised their policy yet - how can you be so sure that that's what they plan?

PM: They have been at it for years. I mean, they have been saying - even this year - John Howard has been saying that Jobsback was basically the right framework. Reith is saying that he would take great pride in being able to put such a policy into place - this is in the last couple of weeks. And if they don't, what is their objection to Labor's policy? We have got enterprise bargaining - far more in the Federal sphere than in any state. We have had high productivity growth - somewhere between 2 - 3.5%, we have got low inflation, we have got a high profit share in the economy. What is wrong with it? What is wrong with it, of course, is they want to cut the wages of working Australians, that's what is wrong with it.

J: You're saying that you want to look after blue-collar workers which are traditional Labor voters, but one of your former Labor Ministers, Mick Young has said that, basically, his research has shown that it will be a struggle for Labor to retain those traditional blue-collar loyalists.

PM: That was a view he has taken off his work in Queensland - he was given the job of looking at the Queensland outcome. Well, I don't doubt that the Queensland Labor Government lost blue-collar working people, but I don't think that's true of Federal Labor. Because we have put into place 600,000 jobs - not 60,000, but 600,000 - 3 safety net adjustments, plus a strong real increase in real wages with low inflation - these are all the ingredients of support. And, of course, all these other things like the home childcare allowance, the generalised childcare rebate - all done since the last election, are all completely faithful to what one may call the blue collar constituency.

- J: Mr Beazley has conceded that there is some softness in the level of support amongst the blue-collar workers for the ALP?
- PM: Well, there is softness in all categories of support for all Governments in any Parliament. It's a matter of making sure they are solid when you need them.
- J: Kim Beazley has also said that there are disadvantages in strong leadership - mainly in your strong leadership ..(inaudible).. - what sort of response do you make to that?
- PM: Who said this?
- J: Kim Beazley.
- PM: You must have mis-interpreted him - there is no substitute for leadership anywhere. Anywhere, and in any environment. And the problem that they have with John Howard is that he is weak and sneaky. He is weak - he doesn't stand for things, you can see it with his Party, you can see it in the Parliament, you can see it with his policies. And he is sneaky because he is trying to pretend all the time that he has policies for people. When he says "I don't want to show that Paul Keating my policies", what he is really saying is that "I don't want to show the public my policies". It's not me he is hiding his policies from - it's the public. And there can be no honesty and integrity in public life without policies. So if you want to be sneaky, the sneakiest thing to do in public life is to keep your policies in the bottom drawer to let the public find out about them after the election.
- J: Vince Fitzgerald says that it's not even controversial that foreign debt is keeping the whole interest rate structure higher - isn't that true?
- PM: No. Australia's current account imbalance always puts some question into the exchange markets, and into the longer rates - the ten year bond rate etc. But all the short-term interest rates - as Ralph Willis was making the point yesterday - are set off the inflation rate. They set off demand for money, they set off the growth. We have got an economy growing at 4% a year. The Japanese have an economy growing at half a percent a year, the Europeans have an economy growing at around 1% a year. So, when you have got a stronger growth economy, providing more jobs and more prosperity, the price of money rises because more people are bidding for it.
- J: But Mr Keating, it was you who drew the connection between high-levels foreign debt and Australia being in an economic difficulty?

- PM: I have just given you the answer to that - you have got to understand the nuances.
- J: What about Dr Vince Fitzgerald's comments this morning?
- PM: Well, Vince is a sour ex-bureaucrat. I mean, Vince gets the old lemon in the mouth every morning and gives a good hard suck on it. I mean, you will never get any cheerful comments out of Vince about the economy, because Vince thought he should have been Secretary of the Treasury and a few other things, and never made it. I mean, look, the fact of the matter is - Australia, and I think Australians should understand this thing about the debt. We have got \$180 billion of debt, but juxtaposed against that, we have got \$135 billion of assets off-shore. The Government debt is only 4% of the debt. And the debt is borrowed by the BHPs and the CRAs and companies like that, who can service the debt. It's very much akin to a domestic household - you don't have enough savings yourself to buy your first house, so you borrow from the community to build yourself an asset. Australia doesn't have enough savings to keep funding this massive investment, so we borrow from the rest of the world to build a stronger Australian economy. That's why it's there. But to run around trying to beat up a scare about it is crazy. I mean, what does Mr Howard say about the 5% employment growth? About the 600,000 jobs? The 2-3% inflation? The strong investment growth? These are conditions I have not seen in 26 years of political life.
- J: But Dr Fitzgerald is your principal savings advisor?
- PM: He is not our principal savings advisor at all.
- J: Mr Keating, should the ABC continue with pay TV?
- PM: Oh, the ABC - we would need a seer to decipher what goes on in the dark recesses of the ABC.
- J: How do you feel about the...
- PM: ...we pay them more than we pay the state of Tasmania - do we get value for it? It's a moot point.
- J: How do you feel about the Packer-Murdoch arrangements?
- PM: That's up to them. They're a couple of big, burly characters who can look after themselves.

J: Richard Alston says that there should be an inquiry into it, that basically Mr Lee has been caught asleep at the wheel...?

PM: The last time I saw Richard Alston, I was doing a campaign launch in Western Sydney to a news conference, which was arranged by me. He wanted to get into it, and while he was waiting for me, he was hiding in a bush. When I finished, he crawled out of the bush - I had not walked three yards and he appeared like some sort of apparition. You know, he was down there with the mulch and the bugs and the bush. Which is, by the way, where he belongs.

J: Mr Keating, are you concerned about relations between France and Australia after the French Ambassador said that your attacks on France as a colonial power have taken their toll?

PM: Well, I think that...I am pleased that the French have noticed this Labor Government's protests about their mindless policy of exploding nuclear devices in the Pacific, when the premium has to be on non-nuclear proliferation. I mean, even in France's own best interests, they should be always putting a premium under the non-proliferation regime, because if you are a country with nuclear weapons, the thing not to do is let the country next door get them, to keep you hegemony. They don't even seem to understand that self-interest point. So, at a time when other nations are experimenting with nuclear programs, the problem about a democracy like France exploding a weapon such as this, is to say the proliferation is okay. So, if the Australian protest is being registered strongly in the Elysee Palace, if it is being registered strongly in Paris and the French nation, then that's exactly what we hope it will be.

J: Does it concern you that relations may be under threat?

PM: Well, as I have said before - we are not here having a dispute with the French people - we are having a dispute with the French Government about a bad decision that it has taken.

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