



**PRIME MINISTER**

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP  
DOORSTOP AT THE BALLARAT COMMUNITY HEALTH CENTRE,  
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J: Mr Keating, inflation at 5.1 per cent, what sort of impact will that have on employment rates?

PM: Well, I think, that the headline rate is not the thing that matters here it is the underlying rate, which is just over 3 per cent - 3.1 per cent. It has jumped quite a bit in the quarter and part of it is a couple of one-off factors. For instance, the NRMA in New South Wales is no longer discounting its premiums on third party insurance. It is also coming from changes to cigarettes and tobacco, in terms of Government changes there. Motor vehicles - Commonwealth sales tax, which is a one-off thing, it is not going to continue happening. I think those things alone have added about 0.4 per cent to the rate for the quarter. So the rate for the quarter was 1.2 per cent. About 0.4 per cent of the 1.2 per cent came from these one-off factors, which means that if we look through it and have a look at the true underlying rate, it is probably around 0.8 per cent for the quarter which should see us over the year well within the 3 per cent.

J: So you are confident the Government can keep the lid on wages?

PM: Oh yes I think so. And the other thing is, of course, some of this bloom comes off the very high rates of growth of last year where the economy was running at 6 per cent and then, of course, at 5 per cent and then 4 per cent. It is now slowing to around 3 1/2 per cent to 4 per cent. But while, of course, all of these CPI's record a bit of past history and they are picking up the bloom on that demand in the economy and that has now passed through as policy slowed things down a bit to a sustainable level. And that is why the Government did the things it did this year to slow the economy up to make it sustainable, to make sure the inflation rate over time is low and sustainable.

J: Will it damage the economy?

PM: Oh no, No, I think Australia has broken the back, in a serious way, of inflation. What we have got to do now is be vigilant about it, but that is what the Government is. That is why we have taken the Budget into surplus. That is why we had those monetary adjustments in November and December last year and that is the reason why the economy has now successfully slowed.

J: Will there be any interest rate cuts before the end of the year?

PM: It has got very little implications for interest rates - none I think.

J: Ballarat has a history of high unemployment. What can the people of Ballarat expect between now and the end of the year?

PM: Well it can expect growth, it can expect the sort of Government commitments that I have made today. You know, \$6 million we are spending on the School of Mines Technical College. General support through Commonwealth programs through Working Nation. Support for the long term unemployed and the young unemployed. But, more generally, of course higher levels of growth. And one of the things I keep saying is, you know you don't have to be an economic genius to know that with productivity these days, we are getting more output from fewer people. So to keep providing the jobs for the many, you have got to have even more output, which means even more growth and what party is set up in Australia to give Australia growth? The Labor Party. Because we are the only people who can basically keep the wage genie from pushing wage inflation and therefore that is why we have always run a more high growth economy than the Coalition. And these days, let me make the point again, if you are getting more output from fewer people, more output from a given level of growth, less employment from a given level of growth, what do you need to take up the people? You need even more growth. So you have got to be able to run a pro-growth economy, which we can do.

J: Mr Chirac has called your Government excessive and you a follower and not a leader.

PM: Yes, well he is a bit stunned, Mr Chirac. But the most important thing is we are going to pull him into the Comprehensive Test Ban Treaty and as I announced yesterday, we are now making it the target and the central element of the Government's policy on disarmament, the eradication of nuclear of weapons world-wide and this means a number of approaches. First of all, getting a comprehensive ban on the testing of weapons, stopping the production of fissile material and then starting to chew away at the weapons inventory - those 50,000 warheads which are sitting out there. Now Australia has had a lot of success in this in the past. We were one of the principal countries, the principal country in fact, behind the eradication of a

whole class of weapons with chemical weapons by the establishment of the Chemical Weapons Convention. And we have done it once, and I would like to see us provide the lead again. So we are the ones leading. All he is doing, I think, is sort of living in the sort of after-glow - the twilight - of the Cold War still testing weapons when what he ought to be is removing them.

J: Australian Governments since the 1970s have been committed to the elimination of nuclear weapons. How are you different.

PM: Yes, they are committed, but they haven't been actively running a policy on it and pulling together world bodies and articulating these things in bodies such as the United Nations. And they might have articulated in the 1970s, but in the 1990s it was a Labor Government that got, in Australia, the world to sign up to the Chemical Weapons Convention. Just as it was a Labor Government that got the world to change its view about Antarctica, or about Cambodia. We're quite effective. We're a relatively small country but we are effective. And I think our foreign policy processes are trusted by many countries around the world and I think you will see Australia, in the Comprehensive Test Ban Treaty, carrying a very large part of the international load.

J: Are you grateful for Mr Chirac for getting Australia's line on nuclear testing stand up in the context of the UN celebrations instead of Bill Hayden?

PM: Oh it doesn't matter.

J: Was Gary Gray right when he said the only problem with the [inaudible] Cabinet ....?

PM: Oh, God knows. I didn't go. I mean what rock did you crawl out from under with all these questions?

J: [inaudible] ASIA Report - influence of right-wing groups harming ties with Asia?

PM: Well we have security organisations to keep an eye on these sort of developments and the place to put those sort of observations is in their reports and that is what they are doing and they will do a professional task in keeping surveillance on these sort of groups and individuals.

J: Do you share the concerns?

PM: Well that is a matter for them, they are making the observation.

J: How serious are you about changing the taxation powers in the Constitution?

PM: Well the Liberal Party .... I mean here we are nearly a century after Federation, here we are with the development now of a national economy. Here we are, 18 million of us, in this large continent making our way in Asia and they want to fracture it, fracture the nation by going back to six individual States with six State income taxes. What Peter Costello is about and made clear in the Business Review Weekly this week, is having six State income taxes. Now, I ask you, where would the nation be if we had six little economies in this country - not one national economy, not one national Government truly able to operate the Australian economy - and where would we be in Asia and the world with that sort of approach. I mean the Liberals are not a national party, they are a complexion of six States, they are a State-based organisation and what they want to do is take Australia back basically to pre-Federation. Well the country has moved on, it has moved past them.

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