



PRIME MINISTER

TRANSCRIPT OF PRESS CONFERENCE - SYDNEY 12 January 1984

PM: Well I'm sure that all Australians will share my pleasure at the labour force statistics for the last month of 1983, which confirm and strengthen the indications of strong economic recovery, particularly in the employment area, which have been evident for some time now. Employment, of course we're talking in seasonally adjusted terms, which is agreed as what you have to do, employment increased by 32,000 in December and that followed a rise of almost 45,000 in November and in the event unemployment fell by 30,000 in December, which brings the unemployment rate down to 9.2% from the 9.6% in November. So, employment up very substantially, unemployment down, the unemployment rate down. If we put that into the period of this government it means that those December figures show that since April of 1983, there's been an increase of 159,000 jobs, or an average monthly increase in the period of our government of about 20,000, shows that the promise that I made to the people of Australia in the election campaign at all points, is being more than fulfilled. I said that we'd stop the explosion in unemployment, that has been dramatically achieved. I said we would increase employment, that has been dramatically achieved, about 159,000 new jobs. I indicated that we had an objective of creating half a million new jobs in the first 3 years of our government. Clearly we are well on track to achieving that objective, and I believe that, as I say, all Australians will welcome the fact that the Australian workforce in general, and our young people in particular, are now coming into 1984, into a much more optimistic economic scene than could possibly have been imagined 12 months ago.

Q: Do these figures give you any reason, Prime Minister, to revise upwards or downwards the projected decreases or increases in unemployment and employment?

PM: Yes, you will recall that when we brought in the budget, we were fairly cautious in our projections. We said then that there would be an increase we thought of about 90,000 jobs in 1983/84, well its quite clear that we are well above that figure of 90,000. We're running at about 130,000 now in the financial year so there's got to be a substantial upward revision in our assessment of the improvement in the employment situation, and there is no doubt that the assumptions that we made in drawing up our budget as to the level of outlays, that there would be for unemployment beneficiaries, will have to be revised downwards. There'll be a considerable budget saving in that item.

Q: How much do you attribute this success to your government's own performance, or to your government's luck, such as the breaking of the drought and strengthening of the US economy?

PM: There are factors for which we are obviously responsible, others for which even in excessive enthusiasm, we can't claim responsibility. You've mentioned two of them, the breaking of the drought and the recovery in the United States economy, but

but the economic policies of this government have been largely responsible for the improvement in confidence, the decline in industrial disputes. One very important sector of the economy of course, is the housing industry, which is regarded by all economists as being of critical importance, not only in its own right, but it permeates out of the manufacturing industry and other areas. And it's our policies in regard to housing which have lifted the industry from the doldrums that we inherited to the point where now, we are looking at the housing industry operating fairly close to its capacity. So we have a significant degree of responsibility and credit to be claimed for the improvement. I acknowledge, obviously, the beneficial effects as well, of the breaking of the drought and the overseas recovery.

Q: Given that you expect now the revenues to be greater, does that mean that you'll be able to keep another of your election promises, which is to reduce taxes?

PM: I've already said that my objective is to do two things basically in the next budget, and I make a qualification in a moment, let me make it immediately, in that it won't be until February/March that we have more detailed figures about how the budget has been going and what the figures will be likely to be turning out at, but with that qualification, we'll be aiming to do two things, to have tax cuts, and to reduce the budget deficit so that we will be in a position that as the private sector recovers, as it is doing, the signs of it are occurring now, there's been significant employment growth in the private sector. As that happens, the private sector will be tending to make more demands on the capital market, so we'll be wanting to have less demands on the public sector, so we'll want to bring the deficit back. Those will be twin objectives of the budget.

Q: Sir do you agree that figures like these today, create a more favourable environment for an early election?

PM: Well it's not a question of creating a favourable environment. We haven't been about, from the day we got in, thinking about the next election - we've been about fulfilling the basic promise that I made in the campaign of turning the Australian economy around. Now manifestly we've achieved that. Now the position is that we will want to have a situation for Australians that we don't have a multiplicity of elections. There has to be a half-Senate election sometime between the middle of this year and the middle of next year. And if there were to be an election at the end of this year, early next year, that would not be unusual. That indeed, would be I think, the 22nd or the 23rd time at which the Australian people had gone to elections with a House of Representatives and half-Senate election. It would be unusual not to do it. But none of our policies to this point or between now and whenever the election is held, will be directed towards that end.

Q: So there will be no early election?

PM: I must be speaking a foreign language. I just said that if we did have an election this year or early next year, that would be the 22nd or 23rd time that that had occurred. That that would

be a normal thing to do.

Q : Prime Minister the latest word from Adelaide is that Premier Bannon has suggested that you might like to keep your hands out of politics in South Australia. Do you have any response to that in respect to the possibility of payrises for MPs in Adelaide?

PM: That's surprising, because I've always found that John Bannon wanted me to have my hands in politics in South Australia. When he was going for election last time he couldn't have enough of my hands in South Australian politics.

Q: Is there anything else you might be able to do to convince the South Australian and Tasmanian parliamentarians to accept a lower increase?

PM: Well the constitutional facts are that the federal government does not have control over state governments, nor should it under our constitutional setup. All I've been wanting to convey to all the State Premiers, John Bannon included, and Mr Gray, the Liberal Premier in Tasmania, is that they as States have a vested interest in the Australian economy operating at its highest growth levels. Now we're going to do that the more that we keep the accord in place and have wage claims by the trade union movement kept in line with economic capacity. So they shouldn't regard the holding and the tight holding of the accord as something which is irrelevant to them. It is very very relevant, and quite clearly, others in the workforce are going to look at parliamentarians if they perceive that parliamentarians are operating differently to them. And that's not going to be good for the accord. The accord is not in any danger, despite the hopes of some people that it might crumble. But it does give ammunition to people. Now let me make this clear, as I have to Mr Bannon. We are not saying that there may not be a case for a significant increase for them. Nor are the ACTU saying that. What they are saying is that they should follow the same processes as the trade union movement is required, that is, the 4.3 percent national increase is there to be taken as an interim increase. And if they think they have special circumstances, then they should ask their tribunal to operate according to the same principles of determination as does the Commonwealth Commission. And indeed I would believe that the ACTU, if the South Australian government would pursue that course, would be prepared to even make submissions to such a tribunal, that there is a case for increases beyond the 4.3 percent. Now I believe that the State governments, all of them, should understand the importance, from their own self-interest, in pursuing that course of action.

Q: Could this reflect on them at the Premiers' Conference?

PM: Well if they are going to undertake expenditures according to processes which are different to what the rest of the workforce follows, its something that I think would be raised.

Q: Is that a threat?

PM: No of course that's not a threat. Its an answer to a question. No, no, quite seriously - the amounts of money involved are in the sum total of what we're talking about at Premiers Conferences - are miniscule. I mean the amount of money that will be involved in paying the increases are relatively miniscule. But its a question of the influence they can have on the attitude of others. And I think that's important.

Q: Can we take it from your earlier comments about early elections and so on, that an early election is far more likely than not?

PM: No, I'm not getting into this question of speculation. I simply refer you to the fact that we were planning to have a referendum and on terms and conditions that were made quite clear. Our intentions on that which dealt with the issue of simultaneous elections. That intention was deliberately frustrated by the Senate. Now during this year, we will have to look at the fact that those referendums can't be held and we will have to look at the historical fact that the normal thing is for a half-Senate and House of Representatives election to be held together. That's much more the normal course of events. And I would tend to believe, without having made any commitment in this respect of all, I would tend to believe that the people of Australia, knowing that there's going to be a half-Senate election, there must be, under the Constitution, be a half-Senate election, sometime in the second half of this year or the early part of next year, that they would prefer, I would think, to not have two elections - they'd rather have one - the House of Representatives and the half-Senate together. But we'll think about this as we go along. But if we do make that decision, it will be one which is totally in accord with the normal historical practice in this country.

Q: Is there any possibility that you might put the referendum legislation back to the Senate for another go before then.

PM: Oh they've had full opportunity to consider this, and they have decided to reject it. I wouldn't imagine we'd be going back to them.

Q: Prime Minister, Mr Sinclair has reacted angrily to statements you made this morning. How do you react to those.

PM: Oh well I regard it as a little bit strange that the man who has the reputation for being the biggest head-kicker of them all responds so volubly to some calm, en passant observations that I made. It seems to have upset him very seriously. He must be wondering whether he's got the numbers for this election he's got coming up next week.

Q: Would you regard him as a threat in the future?

PM: No.

Q: When do you think would be an appropriate time for Mick Young's re-entry into the Cabinet?

PM: Oh well I would think we'll be looking at that - we've got to wait until the ballot closes, I don't think that's closed yet has it - it's the end of this week, about the 20th, something like that. I don't imagine there'll be any other nominations. If there are not, then I would think it would make sense to have him back in well before the parliament resumes so that he can be getting across his portfolio. I would think, I haven't made a firm decision on this, but I would think about the end of this month.

Q: Do you have a portfolio in mind for him?

PM: Yes I have, but I think the appropriate time....

Q: Care to share it with me?

PM: No, Mangos. J, no. Not at this stage.

Q: Mr Hawke, Mr Keating seems fairly confident that foreign banks will be granted licences, banking licences, after the Martin report, do you share that confidence?

PM: Well I read Paul's.. the report of Paul's pleasant conversation with Mr Howard, and I think he indicated that this was a matter to be discussed within the Party. It will be and we'll await the outcome of that discussion.

Q: Would you support the entry of foreign banks?

PM: I'll indicate in the Party discussions what my view is.

Q: Do you think there's a need for more competition within the banking sector?

PM: Well I understand that there's a belief that competition is a good thing, and I wouldn't have thought, just looking at the history of Australian economics and politics that the Labor Party was greatly indebted to the existing private banks, I think if you look back to the Labor Governments of Scullin, Chifley, and Whitlam, that the private banks weren't entirely unassociated with the demise of those governments. So I don't think that any of my colleagues in the Labor Party should feel any great philosophical or ideological commitment to maintaining the secured position of those particular banks. I mean I would find it surprising if any of my colleagues are coming into the Caucus with a great brief for those banks.

Q: What are your immediate priorities now when you go back to Canberra? Is there any prospect of having another economic summit? ...within the next twelve months.

PM: Oh no, I don't think...within the next? (Twelve months.) No I haven't thought it necessary to think about another economic summit of that dimension. You will appreciate that we passed legislation to establish the economic planning advisory council, which continues in a sense as a microcosm of the Summit, and I

and my Ministers are in continuous consultation with the business community and with the trade unions and with relevant organisations in the community. Now if there was a view, as 1984 went on, that some, say lesser, dimension of meeting than the Summit of April last year, would be useful, then we would be well disposed to it, but I haven't got any current plans in that regard.

Q: Is Mr Sinclair a threat to Mr Peacock?

PM: Well I guess you'd have to ask Mr Peacock, but it's not really a battle of the titans, is it?