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## PRIME MINISTER

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TRANSCRIPT OF SUNDAY PROGRAM - 11 AUGUST 1985

JOURNALIST: Prime Minister, thanks for joining us.

PM: My pleasure, Robert.

JOURNALIST: We've had further evidence on the economic front this week of good news, yet the public standing of your government remains bad news. Why do you think that is?

PM: We've been locked up in Canberra for the first six months of this year on the two issues - tax, most of the time, getting the May expenditure statement ready and then latterly the Budget. And tax is never good news. So I think the attention has been diverted from the tremendous economic achievements to which you refer. Australia has been doing better than any other economy in the world. And I think once we have got those diversions behind us, the real good news will start to be reflected.

JOURNALIST: And wasn't the taxation bad news magnified by holding the tax summit?

PM: Well it, I suppose, magnified some of the bad news. But I wouldn't do it differently if I had my time again. I think it has given us a basis for coming up with a package that will be both acceptable and will constitute significant tax reform, Robert.

JOURNALIST: Well, we are going to move to taxation in a moment.

PM: Sure.

JOURNALIST: But after the poor electoral showing of the Government, you accepted part of the blame for that. You said that was partly your responsibility. Do you accept personally the blame for the Government's poor showing in the polls at the moment.

PM: Partly, I have got to. I mean, when we were going very well people were kind enough to attribute it, at least in part to me. When we are down a bit then I have to accept some of that responsibility. I think I have been tied up with these other matters, but I am now free from them. I will be out selling the very positive achievements of the Government to date and enlarging the vision for Australians

of what we have in store for a much better Australia into the future.

JOURNALIST: And asserting more in the Government your leadership. That has been something that many critics, and some inside the Government, have seen to be lacking.

PM: That is fair comment. Again, I go back in part to tax. I felt during that period when we were both developing our position and then going to the public with it, that it was politically unrealistic to expect that with the debate going on in the party that people within the Government weren't going to be able to have their opportunity to speak and push a point of view. That is behind us. And I have made it quite clear to my Ministers that they are to stick to their portfolios and any movement outside of that will be dealt with. And I think that that has been welcomed by the Ministers themselves, and certainly by the party.

JOURNALIST: In Fiji you held a dinner with a number of journalists. I am told that there you specifically said that Bill Hayden had breached a Cabinet decision when he talked on ....

PM: I didn't put it that way.

JOURNALIST: How did you put it?

PM: I am in the difficult position that - well, let me put it this way. I believe that Bill Hayden has been an outstandingly successful Minister. I believe he has had the interests of the Government at all times at heart. There was a point there where he felt strongly about a particular issue and he made a statement. To Bill's credit, after I wrote the letter, which applied not only to what Bill had said, he understood and accepted that. And I think if you spoke to the people in question, you will find that there was no personal attack or criticism of Bill. It occurred in a situation where a number of people were feeling that perhaps they could say certain things and go to areas outside their own portfolios. And I am not on this program or anywhere else going to do what I haven't done before, and that is attack Bill because in my judgement ...

JOURNALIST: Has he breached a Cabinet decision?

PM: It wasn't so much a question of breaching a decision. What we had had was a position where on the previous Monday the matter in question had been raised. A view was adopted and then Bill felt, for compelling reasons personally, that he wanted to say something. I think in retrospect he would understand it wouldn't now be appropriate.

JOURNALIST: But isn't there a difficulty here with what you said to us a short time ago when you said that from now on there would be more leadership and there would be no more Ministers speaking outside their portfolios.

PM: Well, what I am saying to you is that my letter to the Ministers followed after that event.

JOURNALIST: But what if another Minister feels strongly.

PM: I made it quite clear in the letter that the rules had to be adhered to. Ministers were not to go outside their portfolios. That has been accepted.

JOURNALIST: If you get another Bill Hayden comment.

PM: Let's be fair. It wasn't just Bill that was involved. It applies to anyone.

JOURNALIST: So you don't feel you have to pull Bill Hayden into line?

PM: Certainly not.

JOURNALIST: It is all tied up with factionalism, isn't it Prime Minister. Is this business of showing strong leadership one of the reasons you called the four key Centre Left Ministers a couple of weeks ago and suggested they disband their faction.

PM: I'm not going to the details of the discussion I had with four Ministers or a single Minister. But let me make this point. I am not trying to avoid the substance of your question. I believe that an excess of factionalism and speaking from factional point of views has harmed the Government. Now, to the credit of the groups concerned, I think they share that view. I think you will find that there will be a considerable diminution, if not extinction, of that.

JOURNALIST: Now, did you have in mind, though, that only the Centre Left wind down, or that all the factions wind down?

PM: Not simply the Centre Left, no, certainly not.

JOURNALIST: You would like to see all three, what, cease to exist or merely ..

PM: I don't think, if you look at it at the State level. I mean, it is quite unrealistic to say at State levels that factional groupings in this, or any other party for that matter - don't let's delude ourselves that we haven't got factionalism in the Liberal and the National Party. I hope we will have an opportunity perhaps to get to that. But in all political parties there are groups and they operate at State levels. I have the view that at the national level the interests of the party and of the Government would be better served if it wasn't so institutionalised. I don't think you can say that people aren't going to meet together, but I think the concept of statements on behalf of groups is not helpful.

JOURNALIST: You're a member of the right wing faction, Prime Minister. Does this mean you will stop going to their meetings, stop being part of that faction?

PM: I don't think it is going to be necessary for me to attend those meetings. And, I mean, if I had my way, what would be the ultimately desirable position I think, is there shouldn't be any group meetings at all. Now, whether we can get to that, I don't know.

JOURNALIST: But it would certainly be leadership by example for you to withdraw from the right faction, would it not?

PM: I guess so. And I think you might find I won't be going along.

JOURNALIST: Mr Hayden in his Chifley Memorial Lecture earlier in the week talked about factionalism. And he said that Labor needed to return to traditional policies, traditional ways of selling policies. Do you accept that as criticism, or what is your view?

PM: No I don't. And I don't think it was intended. I read Bill's lecture. I think it was a very salutary lecture in a number of respects. It pointed out the fact that the strength of the Labor movement was in being seen not as a radical evolutionary type party but a party which is concerned with achieving particular improvements for ordinary Australian men and women. That was the major thrust of his lecture. I think it sensible. And I think one point that he made is particularly important. And that is - this has been a spectacularly successful government.

JOURNALIST: But he said you hadn't sold that. Is that a criticism of you?

PM: that's the point I am going to. He said as a Government we hadn't been entirely successful in selling those achievements. I believe he is right. And I have to accept some of the responsibility for that.

JOURNALIST: Some of your senior colleagues believe that you have received warnings of this yourself that Mr Hayden in that speech and in other ways, is making a run for the party leadership.

PM: That is nonsense.

JOURNALIST: Have you received warnings along those lines?

PM: No.

JOURNALIST: There is certainly tension between you though, isn't there?

PM: Well people like to spend a bit of time apparently talking about it. All I can say is that in portfolio terms there has, from the very first day of government, been consistent and constructive co-operation and co-ordination between Bill Hayden and myself. Now, if people want to speculate about that sort of thing, they may. It has, in my judgement, no solid basis.

JOURNALIST: When are we going to see a revised tax package?

PM: I hope that Paul Keating will be able to bring down that package before the end of September. That is certainly the timetable.

JOURNALIST: There have been reports that the Treasury really hasn't given up on a 12½% consumption tax and that, in fact, they are going to get it in a de facto way through loading everything in on wholesale tax.

PM: Well, if you chased every report that appears in the Australian media down the burrow which that report deserves, we've all engaged in a fruitless exercise in self flagellation. It is not accurate.

JOURNALIST: What about perks, Prime Minister, taxes on fringe benefits. That is another controversial subject that seems to have cost you support. What is your approach to that now since the tax summit?

PM: That is part of Option A, the area of closing off tax avoidance. I suppose I could do no better than quote a well known authority in Liberal Party circles, the National President of the Party. I mean, Mr Valder put it well. He said, I think they are going to reverse the whole disease, if you like to call it, of fringe benefits which again has developed over a decade or more. He said what we are doing in that is a fair and a just thing. He's right.

JOURNALIST: He also said you were implementing Liberal policy. Doesn't that embarrass you?

PM: He said that about the assets test. And it is very interesting. We should have that on the record. The National President of the Liberal Party says the assets test is our policy. He's right. It's what Mr Peacock said in 1981. The only difference, as Mr Valder was good enough to say, they didn't have the guts to do it, or the honesty to do it. They want us to do it, cop the flak, and then they come in and say, well it is done. It is our policy.

JOURNALIST: Welcome back to our interview with the Prime Minister. Mr Hawke, John Howard has just circulated to business people a notice that the Opposition intends to make a big issue in the run-up to the next election out of union power in Australia. Now since the Tax Summit your Government seems rather vulnerable to such a campaign.

PM: I don't believe so. I think if Mr Howard and the Liberal Party want to talk about the relationship between trade unions, I welcome it. I just pray that they will bring it on. Every government in Australia has a relationship with the trade union movement. And the previous government had a relationship, very few will forget it and none ought to forget it. It was a relationship of confrontation and of almost criminal negligence. And it cost this country dearly. Our relationship with the trade union movement, within the Accord, has produced the most rapid economic and employment growth in the western world.

JOURNALIST: But are you aware of a public perception that shows up in opinion poll after opinion poll that Australians believe that the unions are too powerful?

PM: Well I think that is always the feeling. And that is understandable. But look at the level of industrial disputes, the lowest in this country for 17 years. And in regard to level of movement in earnings, the lowest in more than 17 years.

JOURNALIST: There is another crucial test coming up there with the September wages case, Prime Minister. People will watch that to see how much influence the union movement has. How much will it have? Will you do what the ACTU wants?

PM: We will be certainly not doing what the ACTU wants.

JOURNALIST: But will you be arguing for discounting of wages?

PM: Let me finish. What we will be doing will be putting a position to the Commonwealth Conciliation and Arbitration Commission who will make the decision. I believe that the ACTU will put their position, which will be different from ours.

JOURNALIST: But you will be asking for discounting?

PM: We will be putting in the September case a submission which we believe is necessary to ensure that the great competitive advantage presented to Australia by the significant devaluation that has occurred is not dissipated. And that as I have said consistently is going to require a lower level of real wage outcome than has previously been anticipated. There will be a number of ways in which this can be done and it includes discounting.

JOURNALIST: Prime Minister, in public perception, don't you agree that anything less than discounting will cost you support or make it look as though the unions are running the government.

PM: No what will be required of this government will be the putting of submissions to the Commission which are consistent with responsible economic management. The fact is that this economy is still continuing to grow at record levels. It is still providing additional jobs at record levels. Now we are going to see that the wages policy pursued by this Government ensures the continuation of that economic growth.

JOURNALIST: Do know what that wages policy, do you know what that government submission to the Arbitration Commission is going to be now.

PM: I have it in my mind. The Cabinet has to finalise it. We don't run a dictatorship.

JOURNALIST: When the Cabinet finalises it, will you be telling anyone before it goes to the Commission?

PM: I think it will emerge before then, yes.

JOURNALIST: With the ACTU?

PM: The ACTU, well we will discuss it <sup>with</sup> them as we have discussed wages policy from day one of this Government. It is the fact that we have discussed wages policy with the ACTU which means that you have had the statistics this week showing the lowest growth in earnings since the early 1960s. We are not going to stop discussing with the ACTU wages policy.

JOURNALIST: And will it be discussed in the same terms and with the same amount of information with the business community? Who, after all, have to pay the wage?

PM: Sure. I am more than happy, both in EPAC as we have already done it, or in bilateral discussions with the business community. They, I believe, know our position. We have exposed it before. But I am more than happy to talk with any representative of the business community about what they see as appropriate wages policy.

JOURNALIST: And disclosing to them what you are going to argue in the Commission?

PM: Just as happy to disclose to them the information that we think is relevant to the emergence of our policy. Just as happy to do it.

JOURNALIST: Prime Minister, Cabinet is about to discuss our relations with South Africa. Now the Government not only has a Trade Commissioner in Johannesburg, it also has a policy which encourages trade with South Africa. Isn't this inconsistent? What are you going to do about it?

PM: Well, I am waiting now to receive the submission that Bill will be putting up to Cabinet on Monday. We will get that before Monday and until I see the submission I don't think it is appropriate to go to that. But let me make this point which I think is relevant. The South African Government should realise the increasing abhorrence around the world of the evil of apartheid. And that they should move towards the creation of a free and liberal democracy with universal suffrage. And that should be put to them. At the same time as those things are being put we should together be working out what increasing sanctions may be applied if they will not respond of their own volition to that proposition. But Australia's sanctions by itself could not produce change.

JOURNALIST: Just the same. We voted for international sanctions at the UN. I am wondering what you say to those opponents of the apartheid regime in South Africa who say that sanctions won't work. One of them is Helen Sussman, who is the spokesman for civil rights in the South African opposition. If I could quote her, she said not only won't they work, but the biggest sufferers would be the blacks.

PM: Helen Sussman has said that. Bishop Tutu, I think is probably regarded as a legitimate spokesperson for the blacks of South Africa doesn't put that point of view. Now I don't question the integrity of Helen Sussman's point of view. But what I am saying is this. That you have now got a new situation in South Africa. You have got this state of emergency in 36 districts. You have got the fact that since 1984 500 people, blacks, have been killed, basically by police and military action. You have got thousands who have been detained. Now it is that action which is denying ordinary, decent expectations to the overwhelming majority, about 75 percent, of the people of South Africa are being denied ordinary, decent rights. And the world is reacting to that. Now what you have got to understand is this. That I believe it is inevitable that if change doesn't occur within South Africa, the inevitability then is a bloodbath of some sort. Now that is abhorrent, it is appalling. Now the South African regime has it within its power, I believe, to understand what is happening, to understand in terms of its own interest, the capital that is fleeing the country, that people are fleeing the country. Now they can change that by their own action. That is how I would like to see it happen.

JOURNALIST: Let's move to another issue now Prime Minister. On the nuclear free zone treaty which was negotiated in Rarotonga. Would it prevent home-porting of US nuclear ships as the Opposition now claims.

PM: Well I believe that home-porting in the full sense that it is normally understood, would not be regarded as compatible with the treaty. Although there is a form of argument which says that the language there could be consistent with it. But it is, as far as this Government is concerned, entirely hypothetical because our policy is against home-porting. Our policy is the one which is totally consistent with our treaty obligations with the United States and which is understood by them and which is understood by our fellow members of the Forum. And that is that under our treaty arrangements with the United States, our treaty partner,

the facilities of our ports will be available to them. And we have made it quite clear to the Forum in the months of the drafting of this treaty, that that is the position. It has been so accepted. It is understood by all of them and by the United States.

JOURNALIST: Can you persuade the Americans to endorse this treaty?

PM: I have said I hope we can. I have reason to believe from the discussions that I have had to this point that the United States understands the sense in which we have pursued successfully, I think with dramatic success, the achievement of this treaty. They understand that it is regarded by us as totally compatible with our full treaty obligations with the United States. And knowing that I believe that we have a reasonable chance of success. And I certainly hope they will. I believe that the treaty as it stands, even without adherence from the metropolitan and nuclear super-powers is a very significant step forward. It obviously becomes the more effective to the extent that we can get the adherence to the protocols of the metropolitan and nuclear super-powers.

JOURNALIST: Prime Minister, getting back to you for the moment. Your popularity has dropped fairly dramatically. You are now below Andrew Peacock in I think one of the most recent polls. Does that worry you? It has always been assumed that you are a politician who, I suppose, gets fired up by personal adulation. Is it true?

PM: I don't get fired up by personal adulation. But obviously I would be less than honest if I didn't say that I would like to be higher. Obviously, any politician, including this one, would like to be as high in the polls as possible. But I have said that I am not going to chase popularity on the basis of avoiding the processes that have to be undertaken. And since the election the major preoccupations that I have had were, being involved in that very tortuous and, as I say, not very popular past-time of thinking about tax changes. And secondly, trying to screw out one and quarter billion in expenditure restraint. Now those two exercises are not calculated to have us shooting up the popularity charts.

JOURNALIST: Prime Minister, you had some well publicised and highly visible personal problems late last year. And indeed you acknowledge that they affected your performance as Prime Minister. Now without wishing to go back over all that, we ask you are those problems over?

PM: Yes.

JOURNALIST: You are operating now at your best?

PM: Yes.

JOURNALIST: Back on top?

PM: I think getting better and better. I hope so.

JOURNALIST: No more excuses?

PM: You described it as an excuse. I would rather describe it as a reason.

JOURNALIST: Prime Minister thank you very much.