



32

PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, SHERATON HOTEL, BRISBANE,
26 FEBRUARY 1990

E & O E - PROOF ONLY

PM: I'm sorry to keep you waiting. I just want to make a few comments on the national scene and then one about the Queensland scene, if I may, before I make myself available to you for questions.

The most significant single thing I think that came out of last night's debate was the stark revelation of the Opposition Leader's recipe for economic disaster in this country.

He talked at one and the same time about the fiscal discipline, then went about spending money like a drunken sailor. He was asked about the soil degradation program and he said, well I don't know what the figures are, look them up in the forward estimates and double them. We've done that and we find that the Leader of the Opposition has now committed himself to at least another \$158 million expenditure. ... by the fact that under the program, the forward estimates, the figures for the first three years, minimum figures in the first three years of that's 26, 26, 27 which gives you 79. So there's \$79 million in addition. But we find in this morning's paper that Senator Puplick has said that they're going to complete this program not in ten years, but in five years. So we've doubled the \$79 and get \$158 million.

Now here's this man of fiscal rectitude who's already got a \$6 billion credibility gap, and last night I just find another \$158 million into the red. Now let me put it quite simply. Once Mr Peacock is bereft of his prepared cliches as to what they will do, he is hopeless on how they will achieve their stated objectives.

The central issues in bringing about a reduction in interest rates in this country, a reduction in inflation, are what do you do about wages and what is your fiscal policy.

Now last night I tested Mr Peacock again on wages outcome and we had a replay of the 'who's to know' Canberra reply because he had no answer on the central question, what is the wages outcome likely to be.

I said last night, and I repeat it here, that in each of our years in office, our predictions about wages outcome have been accurate. On average, the predictions as to wages outcome have been about .5 of a per cent above the actual outcome. So we can predict with accuracy and with confidence the wages outcome.

Mr Peacock is faced now with a situation where again he cannot deny that there must be a wages explosion under his policy because again he concedes the position that in the fixation of wages the Government should bail out of that position and leave it to the strength of parties. That means a wages explosion against our wages predictability.

So on the wages front he can do nothing to control interest rates. It must be a recipe for higher interest rates. And add it to fiscal discipline where he's talking about reigning in Government expenditures, in fact, as I say, he's now added to the \$6 billion credibility gap by at least another \$158 million. So he cannot answer how he will achieve what he says he will do.

In fact, when questioned and when pushed, it's quite clear that it would bring inevitably an increase in interest rates under the policies of Mr Peacock.

So much for the national implications of last night. But may I say, coming to Queensland it's fascinating to see the confirmation of the last thing I said last night in the debate. Here is an Opposition coalition deeply divided I said, not able to govern themselves, how can they govern the country. And we find now, here in Queensland, what we expected - the Liberals and the National Party at one another's throat. Because what we have, the State Director of the Liberal Party in Queensland saying yesterday about Senator Stone. Senator Stone, the National Party candidate for the seat of Fairfax, the Liberal Party saying of Senator Stone, I quote 'Senator Stone is not the sort of person people would want to vote for'.

Now here you have the Liberal Party saying about the Shadow Minister for Finance that he's not the sort of person that people would want to vote for. I repeat, if these people are so torn by internal hatreds and divisions, saying of a leading candidate in the National Party that he's not the sort of person that people would vote for, how can the people of Queensland or the people of Australia have any confidence in them at all? OK.

JOURNALIST: Mr Hawke, how do you rate your performance last night? Win, lose, win by points or what?

PM: Well, let me say this. I was asked when I came out of the, of the studio last night by the assembled journalists how I felt. I said I felt comfortable with

my performance. I understand that in the poll taken of those same journalists they had me a clear winner. That's their judgement. I'm more than happy with the reaction that appeared in the Press around Australia today, but I don't go about claiming victory. I merely say, as I said last night, I was comfortable with my performance. I think I went to the issues and I'll leave it at that.

JOURNALIST: Are you relieved that it's over?

PM: Well, you may have noticed that I was able to handle it reasonably comfortably. I didn't have any notes and piles of cue cards and all that sort of thing. As I said last night and I think it's worth saying. I mean, if you are Prime Minister of this country or you purport to be a Prime Minister, a potential Prime Minister of this country, it seems to me if you can't handle an hour of questioning and debate about the economy, social policy, the environment and be prepared for any sort of questions that may come, I mean, it's not much of a commentary upon you. I felt able from my experience and the work that I continuously do to keep abreast of things, I felt able to handle these things. It would be foolish to deny, and I don't, that there isn't a certain amount of tension in these things, of course there is. But basically I felt fairly relaxed about it.

JOURNALIST: Is there any chance of a rematch after the policy launch?

PM: Look, we've had 90 years of federation in this country, there's been two debates agreed to by a Prime Minister in that period - I've agreed to both of them - and you would have thought that if Mr Peacock felt that he'd won last night, he'd put that in his pocket and say, well let's get on ... feeling that he didn't and wants another go. But I think one's enough probably.

JOURNALIST: Mr Hawke, do you think that these things should become a fixed feature of future election campaigns?

PM: Well, I'm not going to be Prime Minister for ever and therefore I don't want to - I certainly trust I'll be for the next term and perhaps some time after that - but this is a matter really for people at the time to determine. And I was in a position in 1984 where in the 1983 campaign I had challenged Mr Fraser and he wouldn't debate me in 1983. So I was fair game for a challenge in 1984 and ... I thought well on this occasion if I don't agree to it, you're going to have Mr Peacock wandering around the country saying 'he won't debate'. ... let's get that out of the way. So we've got that out of the way. Now I'm very relaxed about last night. Let's get on with the campaign.

JOURNALIST: (inaudible)

PM: Beg your pardon?

JOURNALIST: Has it boosted your confidence?

PM: Well, as I said in answer to the previous questions, I feel fairly comfortable about last night. I'm certainly fairly comfortable about what appears to be the reactions. I'm not arrogant about it, I'm comfortable and I'm looking forward to the rest of the campaign.

JOURNALIST: Mr Hawke, you were noticeably restrained, particularly at the beginning of the debate, was this a deliberate tactic or was it a case of nerves?

PM: No, I wasn't nervous. As I said before, it would be silly to say that there's not some sort of tension in these things. Of course there is if you're going to be in a national debate. I mean, I'm human, there's some tension. But I tend not to be a nervous type. I wasn't nervous and, as in all experiences, I suppose as you go on doing something you get a bit more confident, a bit more relaxed. I suppose that's true, yes.

JOURNALIST: Mr Hawke, ... that there's a humbling ... debate ...

PM: (inaudible)

JOURNALIST: (inaudible)

PM: As I am by nature humble I guess you'll see it right through the campaign, yes.

JOURNALIST: Mr Hawke, what's your reaction after last night to the Liberal campaign ads that there are questions which have to be answered?

PM: Right, a good question. I mean, you have to have a bit of a laugh to yourself ... they are questions that have to be answered. How many times did Mr Peacock refuse to ask me a question? I mean, there he was, national television, time after time being pleaded with by the compere, ask a question, no. So I think for the rest of the campaign this proposition about there are questions for Mr Hawke to answer is going to look a bit hollow.

JOURNALIST: Prime Minister, the Labor Party is presumably not going win in Fairfax. Which way would you suggest they directed their preferences? To Senator Stone or the Liberals?

PM: Well I believe we've got a fair chance of winning and I would hope that that would be the outcome. But I don't know what arrangements they've made, it really - I don't intervene in, in the State where they work out their preferences because there might be some reason for

one State for doing it one way or another. Let's, I mean I hope I won't offend anyone in my own Party here, but I suggest my personal inclination would not be to give preferences to Senator Stone. I mean, the Liberals occasionally get these things right and they've got it dead right. I mean, what a devastating situation in the Opposition today. The Liberals did get it right. He's not the sort of person, Senator Stone, that people would want to vote for. I wouldn't want to vote for him.

JOURNALIST: Mr Hawke, how many seats would you hope to win in Queensland ...?

PM: Well, we're optimistic about winning several additional seats. I don't want to be exhaustive about it, but I think we've got some very good chances obviously in seats like Kennedy and Dawson, Moreton. But I'm not being exhaustive about it. I think we have good chances in those three certainly.

JOURNALIST: Prime Minister, one of your backbenchers, Mr Alan Griffiths, has been associated in a radio interview with allegedly referring to the NCA investigation into Mr Elliott. He's now also confirmed an investigation into insider trading in one of the major banks. Is this the kind of indiscreet behaviour you would expect of one of your own -

PM: In regard to Mr Griffiths, I understand that he has made these comments in an attempt, appropriate from his point of view, to clear his name. Because what was being suggested, as I understand it, by Mr Elliott and others was that Mr Griffiths had been responsible for some leaks concerning him. It seems to me that this issue is well and truly dead now in the sense that the producer of the ABC program himself has said publicly that the source was traced to the National Companies and Securities Commission. It's in those circumstances where the producer of the program in question has indicated that the source was not government but close to the NCSC that Mr Griffiths apparently thought it was appropriate to say something to clear himself from the accusation. I would've thought that the matter is appropriately dead. Because just let me add to the point I've made, that the producer of the ABC program himself has said that the source was not the government but close to the NCSC. And secondly it's quite clear that any papers that the Attorney-General has seen and on which he's acted, are available to Mr Peacock.

JOURNALIST: ... would Mr Griffith's ... behaviour improperly ... allegations about insider trading to make ...?

PM: He wasn't doing that for the sake of doing that. He was establishing the context in which he had been talking. Allegations were made implicating Mr Griffiths in having been the source of the leak in regard to Mr

Elliott. Now he found it appropriate to establish the context of what he'd been talking about. And I make it quite clear that there's no way in which he was the source. And, as I say, the end of the matter is that the producer of the program himself has said not a government source but close to the NCSC. You are really tilling pretty unfertile soil in trying to go past that point.

JOURNALIST: ... issue is dead, but obviously the Liberals don't regard it as such and today there's one commentator writing an extensive column about dirty tricks.

PM: ... That means that if a particular commentator wants to keep going on and on and on about something that means that the issue is really politically alive. I mean on the basis of that logic, I mean every issue that any commentator anywhere wants to write about is still a relevant ... I just don't accept that. The reality is that the issue of the allegations that have been made by Mr Peacock and Mr Elliott are buried by the observation, the public observation that the producer of the program was the source of the leak. Not government, but close to the National Companies and Securities Commission. Try as you might, you can't get ... that. They are ones who produce the program and they are saying where the source is.

JOURNALIST: But it still leaves the problem that Mr Griffiths in defending himself felt it necessary to give further information which perhaps should remain confidential?

PM: Well, as I say Michelle, you can keep on trying to till this particular piece of barren soil if you like. I'm simply saying that the facts are quite clear as to where the source was and one of my Members, Mr Griffiths, found it necessary because insinuations have been made about him to create the context of comments that he had made before. Now where he has been subject to insinuations then it's not surprising that Mr Griffiths is going to try and defend himself.

JOURNALIST: Mr Hawke, would you agree that the major parties seem to be underestimating the likely results for the Australian Democrats and if the coalition ... does get into power would you agree they'd have major problems getting their programs, especially economic and privatisation programs -

PM: You see I just don't accept the premise that ... The Opposition is not going to win. Let me say as far as we're concerned, in seven years in government, we've had our problems with the Democrats. But we've had to live with that fact of life. And in the fourth term if they try and stand in the way ... particular proposals, still try and get them through, negotiate with them.

JOURNALIST: Mr Hawke, last night Mr Peacock appeared to distance the coalition from the Garnaut Report's recommendation on tariffs. How prepared are you to commit a future Hawke Government to pursuing that particular ...

PM: There's two parts to that question. Let me take the first part first. We have another example here of division within the coalition because Mr Howard of course, who's the relevant minister, indicated his commitment to the Garnaut proposals. Last night you had the Leader of the Opposition, Mr Peacock venting his difference with Mr Howard. I made it quite clear at the time of the report that I had a personal disposition and sympathy for the Garnaut proposals. That's on record from the time I launched the Garnaut Report. We've done more than that though. We've received the report and we've referred the report to a number of working committees. As you know, there are very many recommendations in the Garnaut Report. I've had those referred to working committees. After the election when we resume government then the work will be done. Now we have a record of action rather than rhetoric in all the period in government in recent years. The Liberals have done nothing in areas of tariff reduction. It's been the Labor Party, and as I say, our runs are on the board. My philosophical commitment in this is quite clear. I've got the work going on the Garnaut Report and that will be pursued when we resume active government.

JOURNALIST: Mr Hawke, Mr Keating was asked in Perth yesterday whether it would take five terms of Labor Government to fix up the economy. He agreed that it was possible that it could take that long. Why do you think the voters will have that much patience?

PM: Well, in the end the voters are going to have to make a choice. That is at the end what elections are about. Just look at the issues that are involved in the choice there. For 30 out of the last 33 years before we came in the Liberals were in office. 30 out of 33 years before we came to office. And so if you're talking about the institutions, the practices and the attitudes which constitute the Australian economy, the Australian industrial structure, then it's the outcome of all of that period of conservative government. Second point - you'll recall that I have issued the challenge. Now it's about 80 or more days ago, I think it was the 7th of December 1989 at the National Press Club, and I said there to the conservatives, you produce for the Australian people any evidence of any period in your term in government when you came within a bull's roar of the massive microeconomic reform that we've undertaken in seven years. So that's the second point. That challenge, as you know, has gone unanswered. Why? Because they know that in all their period of office they did nothing about microeconomic reform. We are the reformers. Now the electorate understands that. That's

the second point. So in seven years we've done infinitely more than has ever been done before to undo that ineptitude, almost criminal neglect of 30 years. I think that when you add to that thirdly the fact that last week, while Mr Peacock was dodging you, giving the flip one liner as he hopped in and out of a car, I was steadfastly going about practical issues for the future. Last week I set out in detail a ten point program for further microeconomic reform in our next term. Now when you take all those things together, and each one of the points I've made is relevant, I think the Australian electorate will massively, on that issue, come down in favour of Labor against the conservatives.

JOURNALIST: Prime Minister, in view of the mixed reception, I would suggest it was a poor reception that your wages-taxes package got last week, do you think now perhaps building on the back of last night's debate you need to relaunch it so that it can be more credible and can be the centrepiece of your re-election strategy?

PM: I don't accept poor, that it was poorly received. But always with these statements Paul and I understand that you've got a continuous job of selling to do. We will continue to ... I think it is true that we'll need to keep on doing that. It's going to be relatively easier now after last night in that the Leader of the Opposition has now starkly set out the alternative, which is chaos. Under the package that Paul Keating unveiled last week you have now a clear commitment which can be understood by Australian wage and salary earners. But what will happen to their real disposable income under a Labor Government in terms of wages and tax cuts, and most importantly, superannuation? Let me, just if I can, interpolate on that issue of superannuation. I think that you will find that superannuation is something of a sleeper in this campaign.

JOURNALIST: (inaudible)

PM: Just wait ... I want to make a further point about that ... You look at the difference between Labor and the conservatives on this fundamental issue. When we came to office superannuation, predominantly the preserve of the privileged, under Labor is now being extended through not just some white collar workers but to blue collar workers and to women. Look at the features, now, look at the features, the four features of that superannuation element of the package. Firstly the fact that it tackles imaginatively a significant future problem for Australia. One of the significant facts that Australian electors have to have in their mind as they think about the future is the fact that we are an ageing population. 30 years down the track this country, if action is not taken now, will have an enormous problem in regard to ensuring that the aged are looked after. So the first point about our superannuation package is that it is an imaginative plan for a future problem.

Secondly, and very importantly, it is a plan which is relevant to the savings and debt problem of Australia. You know that under the superannuation plan of Labor involved in the package that you are going to have a massive accumulation of savings which will be relevant to dealing with Australia's debt problem. Third, it is fair because it means that superannuation is being extended to everyone in the community. And fourth, it means that when the three per cent superannuation part of the package is worked out over these next three years, it means that each employer will be each week putting \$30 a week into the superannuation position of every employee. Now, against that imaginative, far-sighted, economically relevant and fair scheme for superannuation, which is part of the package, the Opposition would destroy the superannuation situation. So I think Paul as we explain the package as a whole, and I think superannuation in particular, that that is going to be a plus in the campaign. Wally.

PM: With your projection of continuing fiscal discipline can motorists have any real hope that you will improve the Pacific Highway significantly?

PM: Well, I'll be having something to say about roads during the campaign I think. I'll leave what I have to say till then.

JOURNALIST: Mr Hawke, also on the weekend Mr Keating suggested that the six per cent inflation figure which ... the wage and tax deal, could actually be bettered this year. What do you think of the chances of that?

PM: Paul bases that on these issues. Firstly, as you know, as I've said before and he has, that the Treasury said at the end of last year that the underlying rate of inflation was 5.7%. Now since that statement by the Treasury you've had a position where there is further evidence of a decline in demand and I believe that when you take that into account and the fact that under our policy there will obviously be a decline in interest rates, if you bring all those things together I think that Paul's prediction is sound.

JOURNALIST: Mr Hawke, do you think in retrospect that the wage-tax package could have been explained any better?

PM: I think in regard to the exposition of any policy you can always do things better. But then you can always write better than you do and I can always explain things better. ... Unless you think you can. I don't think you do think that. All of us can do things better.

JOURNALIST: (inaudible)

PM: Of course. I mean I don't think that I'm ever perfect in regard to any matter. Do you? I mean

obviously you can do, with hindsight, you can do some things better. Of course you can.

JOURNALIST: What would you have done differently?

PM: I don't know that I would've done anything differently. I mean you do your best at the time. But I think that Paul Keating did, as he usually does, an absolutely outstanding job. I'm simply saying that I suppose well if you look back over things you might have done that a little bit differently, or that a little bit differently. But Paul Keating is both an outstanding thinker and he is also, I think, an outstanding expositor. I think that what you must understand is a very simple and obvious point, that here in regard to this economic statement, you had a quite unique situation as distinct from any other one. Every other one has been delivered in the Parliament, nationally televised within that framework. Here, for the first time, it wasn't done in the Parliament. It was done in the more heated environment of an election campaign. I think within those circumstances probably those who've been associated with it, Paul and myself have done as well as you could. But let me say this. As far as the rest of the campaign is concerned I'm looking forward very very very much to expounding our wages policy against their absence of a wages policy, our superannuation policy against their commitment to absolutely destroy the existing superannuation system. And that will be a very interesting proposition because, as I said at the beginning of this press conference, the Achilles heel, the point which will destroy the credibility of the Opposition, is their absence of a predictable wages outcome. You cannot conduct economic policy in this country if you can't conduct wages policy.

JOURNALIST: Prime Minister, is there any prospect in your next term of a reduction in the top marginal personal rate to the corporate rate or will it stay at the present level?

PM: I give no commitment to outcomes but let me say this. I'll just ask you to look at our record. When we came to office the top rate was 60 cents and the bottom rate 30. We've brought it down to 47 and the bottom rate to 21. So as distinct from all the rhetoric from the conservatives about taxation, we are ones who've acted to bring the rates down. And we will approach this matter in terms of economic responsibility. If, as the economic situation unfolds, some further reductions would be appropriate and responsible, then that will be done.

JOURNALIST: Today ... a high technology .. that makes heart pacemakers has decided to leave Australia and manufacture in the United States. ... Ralph Sarich ... likewise last year. Does it concern you that we're losing these ... and why do we seem to lack a technical ...?

PM: Of course that is a completely loaded question. I will simply respond to it by saying that in a country like this that's open to people if they want to make that decision. In the case of Sarich to whom you refer, we gave very significant financial incentives to him, as did the Government of Western Australia. But we were, if I can coin a phrase without being subject to criticism, ... incentives. The State ... Michigan in the United States gave a very significantly greater incentive. Mr Sarich made the judgement in those circumstances that he'd be better off going there. But I'll simply reply to your proposition by saying that if you want to I will take you to enterprise after enterprise in Australia, sophisticated manufactured products where within the Australian environment Australian enterprises are taking on the best in the world in the most competitive markets in the world and beating them. As I said last night, 54% real increase in manufactured exports in the last four years. And if you really want to get the contrast, and again you get down to a matter of choice on the 24th of March, just look at the Australian steel industry and think about that. When I came to office in March of 1983 BHP, as everyone knows, was contemplating closing down the steel industry. After seven years of conservative government the Australian steel industry was virtually destroyed. I saved the steel industry. And because of the fact that our policies are giving predictable wage outcomes, a significant 60% reduction in industrial disputes, and a new era of co-operation between management and labor, has produced a situation where the Australian steel industry is now a massive exporter of steel, is undertaking further investment now to enlarge its export capacity. So those are the facts. And simply because you can pick one who's made a decision to go overseas, so what?

ends