



# PRIME MINISTER

FOR MEDIA

TUESDAY, APRIL 28 1981

STATEMENT TO THE PARLIAMENT

- MR PEACOCK'S RESIGNATION

The Member for Kooyong, in his letter of resignation and his public statements at the time, made a number of charges about the conduct of Government business, about the stability and direction of the Government, and about myself.

Mr Speaker, there were one or two issues that he raised at the outset. Let me make a comment about them.

The purpose of the Monetary Policy Committee of Cabinet is to consider matters relating to interest rates, banking policy and currency exchange rates. That is its only purpose. I agree with the Honourable Gentleman. After that report in the newspaper, he did raise the matter with me. I can remember making a comment to at least one of my colleagues about it. I think it was before I had pneumonia, but I think the Honourable Gentleman is in error in saying that he revived my memory of it early in the new year. It is also a matter that could have been raised in Cabinet itself.

In the formation of this new Government, it was determined that the Wages Policy Committee would not be re-established because it had not met all that often, and that the proper forum for those matters should be Cabinet itself rather than a committee of Cabinet. That was why my Department put recommendations to me, which, as I believed on good grounds, ought to be accepted.

Mr Speaker, the only other point at this moment that I would want to touch on - two points, and very briefly.

He mentioned the Public Service Arbitrator, and the incorporation of that within the Conciliation and Arbitration Commission. The recommendations - because they are recommendations and not decisions - of the committee chaired by Sir Phillip Lynch, had not come to Cabinet, and indeed, it was only two or three days ago that Cabinet determined the matter, and on the advice of the Minister for Industrial Relations, it is being left for further review. But no final decision had been made on that matter. It was a matter that would come to Cabinet. It was a matter which in the course of its wide ranging review, as Honourable Gentlemen will understand, Honourable Members will understand, will be brought before the Parliament later this week.

Mr Speaker, the Honourable Member for Kooyong knows full well, I spoke to him about the ICI matter - there was very great concern because of the report in the Melbourne Herald that the 35 hour week issue was up, that the flood gates were up, and that something had to be done to stop a rash of decisions as a result of that newspaper report coming on top of the Altona decision. What was said then, what was said in the press statement issued by my colleague, the Minister for Industry and Commerce, who surely has a significant responsibility in relation to these matters, reflected a press statement issued by the Minister for Industry and Commerce, and by Mr Garland several months ago in the earlier Government. There was nothing new in relation to it.

Mr Speaker, it is the Honourable Member for Kooyong's concern in speaking to the House today to substantiate the charges he has made against the Government and against myself. It would have been much better, Mr Speaker, if he had spoken to me or to his Cabinet colleagues along the way.

Only seven weeks ago, the Honourable Member said that, "for all that people write that there is enormous division between us, the reality is we work very effectively and very closely together". That was in a newspaper report of March 8, 1981.

I was pleased with that view of our relationship. It was expressed only last month, and I am puzzled, Mr Speaker, and saddened at what he has now done.

Mr Speaker, on April 10, the former Minister's Senior Private Secretary, spoke at a meeting that had been advertised as open to the Press. He made a wide ranging attack on the Government. He specifically attacked aspects of the Government's actions on industrial relations, and he accused certain people of a dishonest approach.

I had no doubt that the principles of Cabinet Government required that Mr Simon should resign. Under our system of Cabinet Government, no Minister could publicly attack Cabinet and not resign. By the same token, neither can a Minister's Senior Private Secretary attack Cabinet and Government policy, and remain in his position.

As is my practice, I consulted my senior colleagues to test their view, and they agreed. I spoke to the former Minister. I wanted him to understand clearly that it was not only my view, but that of his colleagues, that Mr Simon should go.

Mr Speaker, if a Minister holds a view which is contrary to that of all his colleagues, it is surely fair enough to expect him to check his own view to see whether it is appropriate, especially in a matter such as this. Mr Speaker, it says something about a Minister's attitude to Cabinet, and to Cabinet solidarity, if he requires that his own view should stand without the agreement of Cabinet as one against all the rest.

In Mr Simon's case, where the implications of collective responsibility were so clear, and the former Minister was aware of the strong view of his senior colleagues, I cannot understand how he believed that Mr Simon could stay.

Mr Speaker, the Member for Kooyong has given as grounds for his resignation, that Cabinet is not consulted, but bypassed, that Ministers are not given sufficient co-operation and support. Let me start with consultation, and let me indicate how Cabinet does operate.

Cabinet today operates precisely, according to the principles of Cabinet Government.

If there is any difference between this and previous Coalition Governments it would be that Ministers are consulted more and that they are more involved in the decision-making process. Non-Cabinet Ministers are normally encouraged to be present at Cabinet meetings if there is a matter of interest to them. There are regular full Cabinet meetings.

Under former Coalition Governments non-Cabinet Ministers were usually present only when their own items were being dealt with. Let me also refer to the way in which revenue decisions are taken in the Budget context. These decisions must obviously be taken by a small group. In many Governments they have been taken by two or three Ministers only. But under this Government they are now taken in the Co-ordination Committee, meeting with the Treasurer and with the Minister for Finance.

In addition, there is consultation with Cabinet and the Ministry about broad options, but before the Committee makes its final decisions.

Cabinet Government requires wide consultation and wide participation of Ministers in the Government's affairs. In the circumstances of modern Government this is achieved by the extensive use of Cabinet Committees. The Committee system is a well-established and an essential ingredient of Cabinet Government. It spreads the workload amongst Ministers and allows the system to cope efficiently with a massive volume of business.

Leaving aside the Co-ordination Committee - to which I will return - the general rule is that Standing Committees of the Cabinet take final decisions. Special committees are also established from time to time. The Committee of Review of Commonwealth Functions is a recent example and it has taken many, many decisions indeed but decisions of that Committee are recommendations to Cabinet. The committees do not normally take final decisions. They make recommendations which go to the full Cabinet.

Now let me turn to the Co-ordination Committee, which normally takes final decisions on policy issues only in relation to the revenue side of the Budget. Its fundamental role, as set out publicly in its terms of reference, is to provide a forum for senior Ministers to consider overall Government strategy. It is comparatively unusual for the Co-ordination Committee to look beforehand at matters going to Cabinet. I have had a check made and this shows that well over 90 per cent of matters going to Cabinet have had no prior substantive discussion in the Co-ordination Committee. Sometimes the nature of the discussion is not worth these matters being discussed at all. But we ask the Minister to bring them forward - the kind of discussion that a Prime Minister should have with senior colleagues.

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The kinds of issues which do go first to the Co-ordination Committee are those in which a Minister would seek some discussion with senior colleagues before deciding what to propose to Cabinet, or in which there is a particular political or strategic significance on which some broad discussion might be held in the Co-ordination Committee before the matter is looked at in Cabinet.

Since 1979, the membership of this Committee has comprised the five most senior Ministers; the leaders and deputy leaders of the Coalition Parties and the Government Leader in the Senate. Other Ministers are co-opted to its meetings wherever possible if there is substantive discussion on matters bearing on their portfolios. That is clearly why the Treasurer and the Finance Minister are often co-opted in the Budget context.

The Co-ordination Committee also assists me with advice on matters which are for my decision as Prime Minister. These are matters such as a letter to a Premier on a sensitive issue, or the handling of some representation made to me on some policy or administrative matter which in the past may well have been determined unilaterally by the Prime Minister of the day. I find invaluable the Committee's advice in such cases.

Let me refer to two other aspects of the Cabinet system. No Ministers belong to all the committees and further, Ministers are sometimes unable to attend meetings.

In both circumstances, however, all Ministers are bound by the decisions and this includes the Prime Minister. When I am overseas or on leave, the business of Cabinet Government must go on and many decisions are taken in my absence.

Let me add that in the last two years, more than 400 final decisions have been taken by committees of which I am not a member. Yet I am quite properly bound by those decisions. I see the relevant papers of course, when they are circulated, and I may ask that a matter may be re-committed if I have some problem with it. Each and every other Minister has the same right, and on occasion that right is exercised.

Against that background, I return to the charge that I have a determination to try to get my own way in Cabinet and that the system is manipulated to that end.

I reject those charges totally. I reject them also on behalf of my colleagues on whom they reflect. What does it say of my colleagues that I, as Prime Minister, can persuade them all to caucus for one particular view. That charge is as offensive to them as it is offensive to me.

The principles of Cabinet discussion, decision and responsibility have been re-asserted and strengthened since the Government came to office in 1975, by contrast with the way in which they had been downgraded in the previous three years.

The objectives of extensive Cabinet consultation and the widest possible involvement of Ministers have been paralleled, as Members on the Government side would know, by the system of Party Committees and Party participation which I have encouraged and in many senses initiated. Legislation goes to Party Committees before going to the Party room. There is broader consultation on these matters than ever before as is especially known to Members who were here in earlier times and this has led to greater participation of Members of the Party who have an interest in a particular matter. There is a philosophy behind that approach, one of involvement and of recognition of the contribution that all Party Members have to make. The Cabinet has been run on the same philosophy.

If the former Minister's description of the operations of the Cabinet were accurate, it would be plain that the Party room has been operating on one philosophy and the Cabinet on another and that is just not so. In considering what might have led the Honourable Member for Kooyong to make these particular charges, I wondered if it could be related to the number of occasions on which his colleagues in the Cabinet took a view different from his. I asked for some analysis to be made, and this has shown that of the total submissions put forward by the former Minister, in his Foreign Affairs and Industrial Relations portfolios, his own recommendations were accepted without any significant variation in almost 90 per cent of cases.

Some of the cases where they were not accepted, or not in full, were simply questions of funding levels in the Budget context, where no Minister would expect his bids to be accepted in full. Even so, the former Minister was able to convince Cabinet to lift Australia's foreign aid vote from \$347 million to \$547 million and this has fully maintained the real value of the foreign aid vote and is an achievement at a time of general expenditure restraint.

And, a Cabinet Minister must recognise that no Minister, and no Prime Minister, can expect to get his way on every decision, not even on every decision within his own portfolio.

I commissioned a review in the latter part of 1978 in the course of which the views of all Ministers were canvassed. The recommendations brought forward as a result were largely adopted by the Cabinet, including changes arising from suggestions by the Honourable Member for Kooyong.

I submit again if the Honourable Member had concerns about the way the system was operating or about the handling of any of his individual submissions, then these concerns should have been raised with me or with Cabinet. Cabinet is a group of men and women and if they have a complaint about the way Cabinet is being run, that is the forum with which it should, indeed

there is a duty, to so raise it in that forum. These concerns should not have been raised in the way they were, in a letter of irrevocable resignation. I also mention the fact that in October last year the Member for Kooyong accepted a new commission in the Government and that is a significant factor indeed. If he had any concern as to his treatment as Minister for Foreign Affairs, should he not have raised the matter then and said then "I want matters to be handled differently from that which they were when I was Foreign Minister?" He did not at that time raise any such concerns with me at all.

This might be an appropriate time to say something about the issue of Pol Pot. The Member for Kooyong has spoken about it at length and let me emphasise one point which is of great significance and I believe Mr Speaker, that it is a point that would be shared by all Honourable Members in this House. The only issue in relation to Pol Pot was the issue of timing. Because of the nature of the Pol Pot regime de-recognition at some point was inevitable. It was a brutal, it was perhaps the worst regime since the time of Hitler in the last world war and Cabinet had received a number of submissions from the Minister or Acting Minister for Foreign Affairs suggesting that recognition be continued, that the policy be kept under review and that de-recognition be deferred, and over the months and the time before the period about which the Honourable gentleman spoke, that had come forward, that on those occasions Cabinet had accepted the recommendations. But at all times it was kept under continuing review.

Although in July the Minister had admitted publicly that his own view may have changed, he had later indicated that the matter came to Cabinet but because of its concern for co-operation with ASEAN, Cabinet re-affirmed the view they had earlier been recommended by the Honourable gentleman. But it was still a question of timing, not one of principle, it was only a question of timing and nobody in this House has a monopoly of moral repugnance, but we did believe we should offer further support to ASEAN countries.

The matter was certainly discussed with Mr Lee during the Commonwealth Heads of Government Meeting at Delhi. And on the flight from Delhi to Singapore, the Singapore Prime Minister, the Honourable Member for Kooyong and myself discussed the matter. Mr Lee argued at length that recognition should be continued and I pointed out to him that his Delhi press conference left that far from clear and was open to either interpretations. I also told him that there was increasing public concern and that it was important not only that the Australian Government, but also that the Australian people should understand the general position of ASEAN because they live closer to the problems and closer to the dangers than do we in Australia.

But in Singapore, and the Honourable gentleman did not come down to Australia with me on that aircraft; he came on a commercial aircraft, and I stayed longer, in Singapore, the Singaporean Prime Minister indicated that he would issue a formal statement. I did arrange with the Prime Minister of Singapore for a copy to be cabled, and for distribution in Australia, because as I have indicated, it was important not only that Government, but also the people of Australia, understand the nature of that view. I did not know of the existence of certain correspondence between the Singaporean and the Australian Foreign Ministers. I still have only seen a draft of one of the letters because I am advised that no departments hold the correspondence. If I had known that Mr. Lee was going to quote from those letters I would obviously have sought to deter him from doing so. Let me repeat, the division between the Minister and Cabinet was never one of principle. It was one of timing, and I was surprised indeed, when the Cabinet determined on the 11th of September for a general election and when Ministers agreed with that, including the Member for Kooyong also agreeing with that date, and after the processes had irretrievably been set in train, to find that the Minister found his position in the Government untenable.

I regret that the Minister seems to believe that there were commitments given in Singapore, in Delhi, because there were no such commitments and indeed let me assert without equivocation because of the nature of the Cabinet decision taken in July no commitment was necessary because



that decision left it to the Minister for Foreign Affairs, the then Minister for Foreign Affairs, to bring the matter before Cabinet at a time of his choosing. It did not need the concurrence of the Prime Minister or of any other Minister, and therefore to be told after the date of the election had been determined and the processes set in train that his position was untenable, was something that I found hard to understand. Because in discussing the date of the election, if there was a problem in relation to it, surely there was a duty upon him in Cabinet to mention that problem, to mention that difficulty, and it was never mentioned in Cabinet discussions at that particular time.

Mr Speaker, something has been said about three options, and a commitment given in relation to a very brief press statement I issued on the date of Mr Simon's resignation. It was the Minister for Primary Industry who exchanged that piece of paper with the Member for Kooyong for the piece of paper with Mr Simon's resignation on it. There was no commitment going beyond that, because, as I indicated later in a press conference, that report was inaccurate, specifically over the question of whether there was a statement of resignation or whether there were three options put. As the Minister for Primary Industry wrote down, the options were that he would resign over the failure to de-recognise Pol Pot, that the Government would change its policy, or that there was to be no change of policy, and that nothing would be done until after the election, but that he would not take part in a new Government.

Those of us who discussed this matter, including the Member for Kooyong, Mr Speaker, indicated that that third option was no option at all, that the path would be too dangerous for any government, because if that did happen to leak in the middle of a difficult election, then quite plainly, the position of a government and government parties, would be very damaging indeed. So, the matter had to be properly determined, and it was determined.

Mr Speaker, it has been said in the presence of one of my colleagues by the person who wrote that story, that that story did not come from my office, or from anyone associated with me, and if there was any indication, Mr Speaker, in the Honourable Member's remarks that it had, then the writer of the story, and the Honourable Gentleman who has preceded me, knows that imputation is incorrect.

Mr Speaker, let me turn to the statement that Ministers are not given sufficient co-operation and support, that there is interference, and an undermining of Ministerial authority. Mr Speaker, there is a defence built into our system of government, against the emergence of presidential-type government, and that defence is the strong Cabinet system which operates. It is inevitable that in these days, that Prime Ministers become involved in a wide range of issues. No Prime Minister can refuse to take an interest in major issues affecting the Government, in main stream issues of concern to the Australian people, the Prime Minister plainly must be involved.

I have had great involvement in economic matters, but I believe that neither the former nor the present Treasurer have found that involvement in any way excessive. And when we look at the overwhelming degree of acceptance that Cabinet gave to the submissions of Kooyong when he was a Minister, that surely indicates in plain terms the measure of support that he was getting, both from the Cabinet and from myself.

Indeed, I am sure the Honourable Member will recall that earlier this year when the question of responsibility for the public handling of industrial disputes, the general responsibility on behalf of the Government, I made it clear in Cabinet that the Minister for Industrial Relations should take the lead.

Is that undermining? Is that working overtly, or covertly to diminish the former Minister? Again, thinking back to the time when the Member for Kooyong was Minister for Foreign Affairs, I sought to make sure that Foreign Affairs concerns were adequately taken into account as I did in relation to the discussions about airfares and ASEAN.

I can remember when the former Minister and I met with officials including Transport officials, to make sure that everything possible had been done to cover the Foreign Affairs' interests in these particular matters. My involvement here is the proper role of a Prime Minister working to make sure that the interests of all Ministers and all Departments are fully and properly considered.

That, Mr Speaker, is not seeking to undermine, it is seeking to support and to protect the proper and legitimate interests of this nation. It makes no sense to suppose that a Prime Minister would seek to undermine the authority of any of his Ministers, for such a course of action would only undermine the authority of his own government.

The Member for Kooyong made a significant charge when he said that the stability and sense of direction of the Government had been cast aside. I find it strange, Mr Speaker, that the Honourable Gentleman makes such a charge now. How can a Minister sit in Cabinet, for year after year, holding such views and never raise those views in Cabinet itself? If any Minister felt that way, should not he tell me, should he not advise me his colleagues? I have introduced regular meetings of the full Ministry to enable Ministers to raise any matters that they wish, concerning the Government and its policies. Opportunities have been deliberately provided. Why did the former Minister never raise these charges or complaints in Cabinet with me or with his colleagues?

Let me add that if there were any truth in the claim that the stability of the Government had been cast aside, which there is not, then it would not have been I, nor any other present member of the Government, who would have cast that stability aside. Australia is plainly one of the most stable countries in the world. People know where they stand by contrast to the chaotic situation under Labor. There is renewed confidence throughout Australia. The direction of the Government has been continuously maintained every since we came to office in 1975. The disaster of Labor helped us to make our perception of our own direction clearer than ever.

Throughout the last five years, our first priority has been to restore the economy after Labor's madness. This was our pre-eminent responsibility for a strong economy as the precondition for almost any other objective.

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The most vital element in restoring the economy has been the attack on inflation. Everyone knows that this Government has maintained that direction unswervingly.

We came to office stressing the value of the individual and the need for increasing opportunities for all Australians. We have always been a Government that cares about people for that is what Liberalism is all about.

The Government's direction has always been that individuals are the best judges of how to spend their own earnings, that the disadvantaged and the needy must be provided for, that the tax burden must be reduced, that employment must be increased, that freedom of choice must be paramount.

I believe that no Australian Government has been more dedicated to strengthening the free enterprise system than this Government, more determined to avoid waste and over-regulation by Government, more purposeful in strengthening the independence and responsibilities of the States. This Government is committed to the widest possible use of the market as the way to give consumers the greatest influence over the allocation of resources.

The Government has consistently stressed the importance of individual rights, an unyielding resistance to racism, discrimination and exploitation. There has never been a Government more determined to stand up for the individual against powerful unions, against bureaucracy, against racism, and discrimination.

Through the Ombudsman and the Administrative Appeals Tribunal, and through our support for a Human Rights Commission, we have demonstrated this commitment unambiguously. Our freedom of information legislation if too mild and cautious for some of our Members, is a significant start. It is this Government, not Labor for all its professions, that has been prepared to make that start.

I am proud of what we have been able to do in defending our magnificent national heritage against exploitative developments and in protecting the environment. Through all our policies we have acted to protect and to advance the interests of those in need, to make sure that expenditure restraint in other areas has been sufficient to guarantee adequate assistance to those who need it most.

Massive increases have been possible by this approach in aid of the handicapped and disabled and the Government's expenditure now runs in that area to more than a billion dollars.

What policies and actions could be more Liberal than these? There is still far to go in many areas, but the catalogue of our achievements is a good checklist of what a Liberal direction is all about.

Let me turn to the directions which the Government takes in international affairs. This is an area in which I have always thought that the former Minister and I have co-operated significantly for Australia's advantage. I believe that our achievements bear out that claim.

The Government established a new sense of purpose and direction in our relationship with South Pacific countries, an area which was largely ignored before 1975.

The first Commonwealth Heads of Government Regional Meeting was established on Australia's initiative. These Meetings have established a framework of co-operation between Commonwealth and States within the region which was previously lacking.

During his period as Minister for Foreign Affairs, the Government helped to achieve greater relevance for the Commonwealth in dealing with human rights and threats to peace. At Lusaka, we supported the proper independence of Zimbabwe and the full equality of all members of that state before the law. We were both conscious that if Australia's approach at that Conference was not successful, then he and I together might well have been somewhat isolated in our spectrum of politics within this country. But we went ahead together in spite of that, and enhanced Australia's reputation as a result.

The then Foreign Minister was fully involved in all of these matters. By our actions, we made clear to the world the direction of Australia's concerns. Again, Australia was at the forefront in our realisation of the growing military might of the Soviet Union, and in our awareness of its significance.

In 1976 I spoke to this House on that subject. That speech was prepared in co-operation with Foreign Affairs. Here is an issue of incalculable importance on which I worked closely with the former Minister to make plain the direction of Australia's policy.

Since we came to office in 1975, the Government has consistently enhanced Australia's constructive role in world affairs and strengthened Australia's independent voice in the world. There was no undermining of his authority as Minister in any of this.

Let me add that when the Member for Kooyong was Minister for Foreign Affairs; I thought it proper that he should accompany me whenever possible to major international conferences or visits overseas. That is not the practice of all Heads of Government, as he well knows. But let me say again that far from undermining his authority; I was seeking through his presence on these visits to provide for the fullest participation of the Foreign Minister and to enhance his and Australia's reputation. Not surprisingly, the direction of our policy in Foreign Affairs benefited as a result.

It seems to me that in the perspective of the issues of great and enduring importance to Australia on which we have worked together, personal feelings and difficulties should be treated as of little consequence. This Government has achieved great and significant objectives. The Honourable Member has been a part of that. How can it be that he has now turned aside? How can it be that the concerns he has enumerated today were not raised with me or the Cabinet? How can it be that he chooses this place to damage a great political party, even if that is not his intention, and good Government.

The hopes and opportunities of millions of Australians depend to a very significant degree on what we all do in this place. They expect better from us than we sometimes provide. They have every right to expect more than has been provided in the last fortnight. It is not surprising that people are concerned, when issues which they rightly regard as minor and irrelevant or which they cannot understand are given a quite disproportionate weight. The well-being of this country, as history has demonstrated, depends upon the strength and cohesion of the Liberal Party and this Coalition Government.

My concerns are for Australia and all Australians and with security for all Australians the benefits that the application of our Liberal philosophy can bring. Sometimes I am accused of being too blunt, but if this country is to be governed well, it is not always possible to avoid an argument. Firmness and determination are often the only answers to unreasonable actions. Plain speaking is necessary to defend Australia's markets against powerful trade groupings such as the European Community.

I make no apology for having an intense pride in Australia and things Australian and I will always stand for that with whatever strength I and this Government can command.

I do not apologise because Cabinet brought in the Air Force to protect people stranded through the actions of selfish militant unions in the Qantas dispute. The Government will continue to take the firmest possible stand against the job-destroying 35 hour week campaign. This Government is the protector of the people, the defender of individual rights and of the interests of the Australian community. I am proud to lead a Liberal based Government which is prepared to act and stand up for the interests of Australia. One of the most pleasing things about Australia at the present time is that the philosophy of this Government has become so widely accepted throughout the community people are now recognising the benefits of more limited Government in lower taxes, in more jobs, higher growth, better incomes, lower inflation and more available resources to help those in need.

This recognition is the true mark of the success of the course we marked out in 1975. Our direction is clear and all Australians will benefit further as a result.

The Member for Kooyong has stated plainly and repeatedly, and from the very first, that his statement today will end the matter. We all welcome that. I approach the future without rancour. My enduring concern is the great importance to Australia of the stability of Government, the achievement of our common purposes and the implementation in policy of our Liberal philosophy.