



## PRIME MINISTER

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P.M.: Well it's quite clear before that before this campaign started that the major issue was going to be economic credibility. The credibility of the Opposition within the Parliament I would suggest has already been destroyed. One had hoped that once the campaign started that there may be some evidence that the Opposition would treat the Australian electorate as they are - that is an intelligent body, able to understand basic economics. Instead of that we have on Peacock's first day of campaigning been introduced to flat-earth economics. The proposition that we will have tax cuts at the same time as he has promised an increase definitely of \$2½ billion in new expenditures, and when you take indicative expenditures of about another \$4½ billion, there are about \$7 billion new expenditures in the pipeline for the Opposition. Now they say they are going to have these new expenditures, reduce the deficit, reduce taxes - and they want to be believed - all at the same time. Now the only way that that can begin to make sense, if it can at all, is by equivalent spending cuts of more than \$7 billion. Now the Australian electorate is entitled through the campaign to be looking very closely at Mr Peacock, Mr Howard and others to find out where these massive spending cuts are going to be. Are they going to cut defence, are they going to cut education, social security - just where are you going to get these cuts from. Now the truth, of course, is that you are seeing the politics of desperation leading to this flat-earth economics. They know that they won't be called upon to give effect to this nonsense. And, of course, against that flat-earth economics and politics of desperation the people of Australia have the clear position that this Government has been in office now since the beginning of 1983 - it's turned around the Australian economy from the stagnation that we inherited to the fastest growing economy in the world. We've done that with tax cuts for all coming into place next month, with a reduction in the size of the deficit and we will continue next year with a further reduction of the deficit with no overall increases in taxes. And we will do this by ensuring that expenditure programs grow at a lesser rate than the economic growth of the country as a whole.

JOURNALIST: If you want to be positive in this election campaign, why are you reacting so sharply to the Opposition policies?

P.M.: I have said quite clearly from the beginning of the period

P.M. cont.: in which we knew we would be going into an election that I had the responsibility of doing two things. Firstly, to talk positively about our record, what we've done and what we'll be doing in the future. But I also have a clear responsibility to the people of Australia to analyse what is being said by the Opposition. And if the electorate is being insulted as they are by Mr Peacock's flat earth economics, then I have the responsibility to the people of Australia to reveal this nonsense and this insult to their intelligence with which they are being confronted.

JOURNALIST: The former head of the Treasury, John Stone, says that a swag of new taxes next year are inevitable now.

P.M.: Well you raised the question of Mr Stone. Australia had the opportunity, if that's the right way of putting it, of living under a combination of Mr Howard and Mr Stone for several years. They paid a very high price for the combined efforts of Mr Howard and Mr Stone. I think the people of Australia have done very very much better under the policies of the Hawke Labor Government. We have delivered what we promised - we will continue to do that and I don't think the people of Australia are going to be particularly influenced by the failed Howards and Stones.

JOURNALIST: Stone's forecasts are wrong?

P.M.: Yes indeed.

JOURNALIST: Mr Hawke, the Chief Minister is resigning tomorrow I understand to contest this seat. Do you regard him as a formidable opponent for Mr Reeves.

P.M.: I don't think I would say formidable. But one must recognise that as Chief Minister of the Territory he is well known. And I would be stupid to deny that fact. But I do make this point, that Mr Everingham has on a number of occasions made it clear, and this must give great comfort to Mr Peacock, that I'm going to win the election and probably win it with an increased majority. Now I think the people of the Territory are going to recognise that it's very sensible for them to maintain the position where they've had in the Hawke Labor Government a representative in John Reeves whom I can say directly to the people of the Territory has been a significant advocate for them. There are things that we have done in the Budget context and outside that would not have been done if it hadn't been for John Reeves. And in terms of the self-interest of the people of the Northern Territory I think they will perceive it makes infinitely more sense for them to have a voice in the Government which Mr Everingham says is going to be returned and probably with an increased majority, than to replace an effective member, a Government member, with a voice in a smaller Opposition. And in putting that proposition involves no attack on the integrity of the personalities of Mr Everingham. It just a matter of sheer plain commonsense.

JOURNALIST: Mr Hawke how marginal or how close do you consider the voting will be in the electorate of the Northern Territory.

P.M.: I think Mr Reeves will win comfortably, he deserves to. Because he's been an excellent member.

P.M. cont...: He's been persistent and assiduous in his representations to me and to the Cabinet on the interests of the Territory. And that's been reflected in all the things that we've done for the Territory. Let me throw one statistic at you. There'll be more that I'll be giving while I'm here, but the tax sharing grant to the Northern Territory - an increase of 12% for 84/85 against the average for the States of 6%, the significant increase in road funding and the undertaking to upgrade the Stuart Highway, to increase the rail facilities to Alice Springs, what we'll be doing in the area of communications. All these things we've moved persistently and effectively on with the persistent prodding of John Reeves. Now a member of the Government for the Northern Territory can do that, he's in a position to do it. And we've seen since March of 1983 Mr Reeves doing that for the people of the Territory - persistently telling us directly in Government. He says these are the needs, these are the things that have got to be done. Now he can do that as a Government member and an Opposition Leader can't do it.

JOURNALIST: Prime Minister his powers of persuasion weren't sufficient to convince you to build the Darwin to Alice Springs railway nor to permit the expansion of the uranium industry in the Northern Territory. How do you think that the people of the Territory ...

P.M.: Well I think the people of the Territory will respond to those in an appropriate manner. Let me make it clear on the question of the rail lines - that we had said before the election, well, alright, we'll do that, it was something that had been indicated by the previous Government. When we inherited that extra \$3.6 billion deficit we simply had to look at the programs that we'd talked about and we had to question whether that was in those tight circumstances something which could be done. And Mr Reeves put his case as did the Labor Premier of South Australia. We listened to him, we listened to the Chief Minister. Mr Everingham put his case very strongly. But what we said in those circumstances - we'll have an independent enquiry - the Hill enquiry. And it was quite clear that you were going to be facing a totally uneconomic use of resources. And so we just didn't say well that's it. We listened then to Mr Reeves and we said now what are the sorts of things in your judgement that we ought to do. Because we had to listen to him. Mr Everingham had said the Stuart Highway doesn't need any more money spent on it. That's what he'd said. That's how responsible he was. And we listened to Mr Reeves. And he indicated yes, it would make sense to spend more money. In addition to \$39 million that had already been allocated we have now allocated another \$27 million through to the end of the 1980's - about 1987/88 - on this, including an extra \$2.7 million this year, to upgrade the Stuart Highway to a modern all weather road. So that's the way in regards to the railway that Mr Reeves was responsible. He didn't say no, it's the railway or nothing, which is what the Chief Minister said - absolutely denying his responsibilities of proper representation in the interests of the Territory. Mr Reeves approached it sensibly. Now in regard to the second part of your question - uranium mining. The facts there are that the existing mines - Ranger and Nabalek - are continuing. Well Nabalek mining of course, as we know, is mined out, but it's the selling of it. In regards to Ranger I have been in constant touch with the management of Ranger and have facilitated their negotiation of extra contracts and so everyone who is employed in the industry here will

P.M. cont...: continue to be employed. And I think the economic facts are that with Ranger and Narbalek and with Roxby going ahead that the economic market forces would determine that that would be sufficient from Australia in the foreseeable future to meet market demands. So Mr Reeves' involvement there has been positive and constructive.

JOURNALIST: Prime Minister, Mr Everingham has indicated several times that he considers himself to be front bench material should he win the fight ...

P.M.: Well it's all hypothetical because he's not going to be there. So all my answers now will be ~~proceeded~~ upon a purely hypothetical basis. So you're getting a special favour, I normally don't answer hypothetical questions. But first of all he's got this problem, he's got to make a decision as to which Party he's going to join. Now I guess that what he's doing is to see who's going to have the larger numbers - whether the National Party or the Liberal Party are going to have the larger number of members. It's not quite certain at this stage - I suppose it will be pretty bare I guess. But he'll wait and see who got the most and I suppose he would then plump for ... He's got some formidable opposition. I mean if he decided to go National he'd had to overcome that popular political hero, Mr Sinclair, now that's a task. But if he decides that the Liberals have got a few more than the National Party, then he's got line up against several of them looking for the leadership. I mean Mr Peacock wants to hang on to it, Mr Howard wants it, there are a number of others. So I don't know where he'd go, what he'd do. But as I say it's all hypothetical. Mr Reeves has been a brilliant member for the Northern Territory and will continue to be so.

JOURNALIST: Mr Hawke, why are Mr Stone's forecasts for next year wrong?

P.M.: Well let's say, I'm using a bit of historical analysis here, I don't know why people should assume that every word that proceedeth out of the mouth of Stone has sort of been regarded as eternal truth. All I can say is that I have to sit in the Cabinet Room at the end of December last year when we discussed a major issue in regard to the running of the economy of this country. That is the floating of the dollar. Now everyone has recognised that this is probably the most important decision taken by the Government. We were right and recognise we were right. Mr Stone opposed it. And in opposing it predicted that if we floated it the dollar would go upwards causing the sorts of problems associated with that movement. Well, need I say more.

JOURNALIST: Well does it make his forecasts for next year wrong?

P.M.: Well I'm just saying your questions seemed to be based upon the proposition that because Mr Stone said something it must be right. I'm simply saying that his track record is not brilliant. But let me say this, I don't really want to get into the area of Mr Stone. You are raising it - it's not a matter of concern to me. He's been there, he's been at the Head of Treasury and the record of this economy in that period was abysmal. Now he can say, well it wasn't just him, it was the politicians - Mr Howard. Well, I mean I don't mind either way. In a sense all I'm saying is that the result was disastrous and we were under a lot of pressure when we came to

P.M. cont...: Government as you will recall to get rid of Mr Stone. Now I and the Treasurer said no, we're not going to do that. We're going to give him the opportunity of staying there. We gave him that opportunity. Now he's made the decision to go. While he was there he made a great deal of the need for the public service to be apolitical, the integrity of the public service. Now that seems to be something that rather escapes his attention at the moment. The election is not going to be about the observations of Mr Stone.

JOURNALIST: On the aspect of his remarks he wasn't just talking about the economy - he talked about the Tapes Affair, immigration. Do you think Mr Stone is trying to carve out his own political place, be what it may?

P.M.: Well that would be interesting. There is talk that after this election that with a considerable victory for the Government that there are going to be some new forces of the right shaping a new Party. Well perhaps he is trying to carve out his constituency of the right. Well that's alright. I mean if Mr Stone wants to form or be part of a new political Party and come into the Parliament I'd welcome him there. It would be great fun.

JOURNALIST: Mr Hawke should he stay out of this election campaign and leave it to the politicians.

P.M.: No, no. Let me be quite clear. You people have raised Mr Stone. I'm totally relaxed about Mr Stone as you will remember as I was when he had his other little sort of outburst in Perth. I'm just as relaxed about this one.

JOURNALIST: The difference now, Sir, is that this is an election campaign. Should he be staying out of it.

P.M.: No I'm not saying that he should be staying out of it. I'm simply making the point that when in the public service there was no public servant, senior public servant, who was more dogmatic about the need for the public service to be apolitical. He attacked anyone who did anything in Government which suggested that you were bringing the public service into politics. Now while he was still there in the latter stages he seemed to forget all those stringent lectures and principles and he seems to be now feeling that just recently out of the public services he can get fully involved. Now I'm simply pointing out the contrast with that involvement with the sort of standards he was talking about before. And it's impossible for him to be making statements about the economy now without bringing into it his knowledge and involvement as a public servant. Now he accepted the standards before, but he seems to be wanting to be elastic about them now. So be it. I am relaxed about anything he wants to say. We'll deal with the issues on their merits. And if there's one issue upon which we want the election to be fought it's the economic record of this Government against the economic record of the alternative Government. Because there is no period since the Great Depression of the 1930's where this economy was brought more to its knees than under our Liberal/National Party predecessors in office and with Mr Stone as Head of the Treasury. Now we told the

P.M. cont....:

people of Australia that under our policies we would turn that round. We did, from stagnant economic growth we've moved this to the fastest growing economy in the world. We've created a quarter of a million new jobs. We've halved inflation. We've brought interest rates down. So if they want to talk about the economy that's exactly what we want. And we'll talk about it every day until December 1st.

JOURNALIST: Mr Hawke one of the things that Mr Stone says about tax is that indirect taxes must go up quite sharply if you were to fund your deficit of next year. What is your attitude to a rise in indirect taxes?

P.M.: Well let me go in two stages to that. We don't have to be hypothetical. We've been in office since the beginning of 1983. We've had the May statement, we've had the Budget for 83/84, and we've had the Budget brought down in August this year for 84/85. Now you look at what we've done. What we've done there is to reduce the deficit by \$3 billion. What we were looking at was \$9.6 billion that we inherited. We brought it down to \$8.4 billion in 83/84 and then this year we've brought it down to \$6.7 billion. In other words we've brought the deficit down by \$3 billion. At the same time as doing that we've introduced tax cuts now which will take effect in a couple of weeks time - tax cuts for everyone. And we've got the position where our tax take is a smaller percentage of GDP than the two record tax takes of the last two Liberal/National governments. Now we don't have to be hypothetical. We've taken a lesser tax take than our predecessors, reduced the Budget deficit and given tax cuts. So that's what we've done. And we've indicated, both the Treasurer and myself, that as we go now into the next period we will do these things - we will further reduce the deficit, an unqualified commitment; we will do that in a situation of no increase in the overall level of taxes. And thirdly, and following that, we have indicated we'll do that by undertaking that the growth in expenditures will be less than the rate of economic growth. Now that is real world economics. We've shown it in fact that we can do it, we've done it, we'll continue to do it. That's real world economics, it's not the flat earth economics which has been foisted by Mr Peacock in this insult to the intelligence of the Australian electorate.

JOURNALIST: Are you saying you won't need an increase in indirect taxes to achieve a lower deficit?

P.M.: What we have said is that we will look at the whole question of the tax base and that is something which the conservative side of politics has said will need to be done. It's a matter of common understanding across the political and economic spectrum that there will need to be a review of the tax base. But if there were a situation where there was some increase or enlargement of the indirect tax base you wouldn't do that without a reduction in the direct tax base. But what we have done in running this economy since March of 1983 is not to sit up in Canberra and say, look, there's the answer, we know what's right. We have deliberately consulted with the community, with the business community, large and small business, and with the trade unions, with welfare organisations - we've done that and out of those processes of consultation we have evolved economic policies which have turned this country around from stagnation to the fastest growth in the world - and with equity. Now what has been successful in terms of that economic approach since

P.M. cont... March of '83 will be precisely the sort of approach that we will adopt after the election in regard to taxation as well as in regard to economic policies generally.

JOURNALIST: Prime Minister do you have a timetable for when and if the Northern Territory should have Statehood.

P.M.: No, what you've got to realise is this, that they came to self government from 1 July 1978. Now look at the facts - it's a population of ... (tape break) ... full statehood tomorrow. Because full statehood involves certain obligations and commitments if you're going to have full statehood. Now I would believe that the sensible thing to do is that a consultation with the member, who as I say will continue to be Mr Reeves, and with the Northern Territory Government, that through time we should talk about the timetables which they think are appropriate. Because full statehood, as I say, involves not only rights which are attractive, but it also involves obligations which at times are not so attractive. And so my approach in Government will be to say to the people and the Government of the Northern Territory, well let's talk together about what your timetable is, what you think is the most appropriate, rather than seeking to impose some upon them.

JOURNALIST: Prime Minister when you addressed the ILO in Geneva well over a year ago now you put forward the idea of communes or kibbutzes ...

P.M.: I didn't use the word commune or kibbutz. I mean that's the shorthand used by others.

JOURNALIST: Well the idea has recently been taken up again by Senator Robertson and I was wondering if the Government has shelved it or whether it was still a goer.

P.M.: No, we've done some work on this. I've had people working on it. It's still going on. I believe, however, that this is not an idea that should be rushed into. I mean I could have been quite autocratic, if you like, and got the thing going earlier. But it seems to me that we need to have a broader discussion about the whole concept of employment programs and economic growth and whether people really want to have that sort of development as part of a general approach to and attack upon the problems of unemployment. So it's there. Discussions are going on. But I want the community to have an ample and relaxed opportunity to talk about this.

JOURNALIST: Mr Hawke will the Government be clarifying the land rights issue before the election.

P.M.: Well when you say clarify the land rights issue, I don't believe that you're going to be able to clarify the land rights issue before the election. What we will do, however, what we'll continue to do, is that the Minister and myself, and I'm fairly deeply involved in the processes, will continue what we've been doing in the last few months. We've been talking with an aboriginal steering committee. We've been talking with AMIC, the miners, we've been talking with the National Farmers Federation, we've been talking with the States. Because I have the view, if you like, the great hope, that this issue can be turned from one which is divisive - and has been divisive - into one around which the Australian people can take pride. I have the feeling that underneath some of the rhetoric that has been going on, some of the passions that have been aroused

P.M. cont...: that overwhelmingly Australians believe that we have obligations towards the Aboriginal people. And I take, in that respect, comfort from the overwhelming decision of the Australian people in 1967, by a great majority they voted to give the Federal Commonwealth Government responsibilities in this area. Now the people of Australia in 1967 didn't do that lightly. I think in making that decision, and you know how reluctant the Australian people are to change the Constitution, in doing that I think they reflected then a view that we as a people as a whole had obligations in this area. Now at the same time the people have come to recognise that it's not just a question of saying this is what we do for the aborigines. We have to do it in a way which will carry the Australian people as a whole with them. Because the worst thing you could do for the aboriginal people of Australia would be to seek through the exercise of that Federal power, which the people of Australia gave to the Federal Government, the worst thing you could do to the Aboriginal people is say there is that power which the people gave to us, we're going just to unilaterally to impose that and then in that process have a situation where the people of Australia were not satisfied with the way it had been done. So the ... is that you should have a Federal Government being prepared to talk with the States, with the Territory, with people who can be affected like miners and farmers, as well as of course the aboriginal people themselves. So what we're going to do is continue that process and in the event, I believe it will be possible to have the people of Australia in 1985 reflecting through those processes the wish that they expressed in 1967, almost twenty years ago, that there should be a Commonwealth responsibility in this matter.

JOURNALIST: Will the Federal Government give a commitment before the election to retain the veto on mining ...

P.M.: We will be talking with the people of the Northern Territory about that. I mean it would be a contradiction of what I said before - that we're going to have consultations - and I pre-empt consultations by saying what the decisions are.

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