



## PRIME MINISTER

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R & O E - PROOF ONLY

JOURNALIST: How will you help Mr Bannon in the campaign? Won't you remind people of high interest rates by coming to Adelaide?

PM: No, I will remind people of what Australia is like in 1985 compared to what it was like in 1983. He came to office just a few months before that, Australia was in desperate straits then. And people recognise and appreciate what we have been able to do nationally and at this level in South Australia.

JOURNALIST: Do you remember saying in Adelaide about a year ago that interest rates would fall?

JOURNALIST: I don't remember everything I said in Adelaide or elsewhere, but let me say this - that what we have made clear is that we would adopt the policies that are appropriate to the economic circumstances with which we are confronted, and adopt those policies which are necessary to sustain the strong rates of growth that we have had. Now, because of the pressures on the exchange rate it was necessary, not just appropriate, it was necessary to tighten monetary policy. There is no argument at all that was necessary to sustain the dollar against those pressures. And we have adopted that stance in monetary policy together with all the other elements in policy so that we can ensure that the strong growth that has flowed from our general policy stance will be maintained. And so that we will ensure that Australia maintains the benefit of the depreciation that did in fact take place later in the year. And you have got to look in terms of economic outcome at the combination of all relevant policies. So that when you take monetary policy, wages policy, fiscal policy, together with what we are doing generally in regard to industrial relations. All those things are producing a continuation of high growth, that means a continuation of further employment, reduction of unemployment, and the creation of far more opportunities for many more Australians. And that is what people judge us on.

JOURNALIST: Prime Minister, despite your criticism, isn't it true that privatisation as a policy is likely to be electorally appealing?

PM: Not the way it is being presented by Mr Olsen here because it is riddled with inconsistencies and impracticalities.

If the Liberals and the National Party want to go on with this I will be very pleased. Mr Olsen will get beaten in South Australia. And if the Liberals don't learn from that and they want to continue the proposition of saying to the people of Australia that they will sell off public enterprises which will mean that those elements of public enterprises which are profitable will be passed over to private enterprise so that a greater burden will be imposed upon taxpayers and less services provided to the people of Australia, I hope they do it. They seem incapable of learning from mistakes.

And it looks as though that is still the case here. Perhaps after Mr Olsen gets defeated they will review their policies.

JOURNALIST: Would you expect some sort of result tonight from Mr Keating's negotiations with the Democrats on the tax package?

PM: I don't know. What Paul and I have made clear is that there will be no change to the basic substance and thrust of our tax policies. We have indicated that there may be some room for some fine tuning but Paul and I have had a discussion about that and I don't know whether he will conclude those discussions this evening or not.

JOURNALIST: Prime Minister, in Brisbane two months ago you said you would consider a reshuffle at the end of the year. Have you done that yet and will Mr Hayden be moving from Foreign Affairs?

PM: Oh, I don't know where that came from. Let me once and for all settle this. At some stage earlier this year Bill indicated he may be interested in a domestic portfolio. And because I have, as you know, the respect for Mr Hayden and also, not just respect for him, but respect for his entitlement to be listened to if he had wished to change. I had said that if he wished to, then of course I would be prepared to do that. Now he has made it clear now that he doesn't want to. And therefore there is no suggestion of a change for Mr Hayden.

JOURNALIST: What about from other ...

PM: No. No, I can't see any need for that. They are performing brilliantly. I mean, you watch them in the House don't you. You see the way they slather their non-existent opposition. Now they are bathing them. Each Minister, each one of them, is just slathering their opponents.

JOURNALIST: So, you will go the next election with the same team?

PM: I would think so. I certainly haven't got any concepts of reshuffle at this stage. Why should I?

JOURNALIST: How long do you think the Government will maintain a monetary policy which keeps interest rates high? Is there any point at which the Government will start to loosen that off when the dollar starts to appreciate?

PM: We will maintain a monetary policy which is necessary to meet those objectives that I talked about before. And it is not helpful to anyone's interests for me to say well at such and such a point there will be a change. What the Australian people want from us is a continuation of the range of economic policies which have produced the results that I have talked about. And while it is necessary to have firm monetary policy to produce those results, we will do it.

And I am not going to prejudice anyone's interests by postulating or hypothesizing about some circumstances which may be down the track at some near stage or some medium stage. What they want from us is firmness in policy. They have got it, it has produced results and will continue to do it.

JOURNALIST: Mr Hawke, Cabinet yesterday decided to defer a decision on tightening up the reporting requirements for statutory authorities. Was that done with the South Australian election in mind?

PM: No. We have got nothing to worry about with the Liberals' policies of privatisation. They provide us with all the ammunition we need to destroy, as I say, their ideological garbage. It has got no substance, no point, purpose, practicality at all. It is all negatives when it is examined. And will be seen for that. Because when we are looking at the question of requirements in regard to statutory corporations, there is a difficult range of issues that have to be taken into account. A balance between the two basic considerations of giving statutory corporations as much independence as they need, particularly those that are commercial corporations. And also, secondly, taking into account the need for accountability to government. Now, all we have done is that Ministers are going to consider further what was a very, very substantial submission. And they will come back before long to the Cabinet. There is no sense of urgency about this. There never has been.

JOURNALIST: Sir, Mr Beazley has said the submarine contracts will be awarded all over Australia? On the basis of that, Mr Bannon says here I am confident I can convince Bob Hawke that we will win.

PM: No need to withdraw that advertisement. In fact, South Australians should be deeply indebted to John Bannon because without the firm submission and advocacy and exposition of John Bannon, South Australia wouldn't be the serious contender that it can be in this issue. John Bannon is the man who single-handedly has picked up the responsibility for putting the case of South Australia. And we take it very seriously. And as you know, at this stage, the project definition stage is being handled. We have got to wait until we get that report. But I can say that because of John Bannon's advocacy, South Australia's case will be very much to the forefront.

JOURNALIST: If there is a Liberal Government after the next state election, will that position of South Australia be diminished?

PM: Well, let me say this. That there is no Liberal, and particularly Mr Olsen, who could match Mr Bannon as an advocate for this state.

JOURNALIST: But would South Australia's position be diminished?

PM: Let me make it clear that when I got elected with my Government in March of '83, we said that we were a government for all Australians. And we have been. For Tasmanians and Queenslanders, as for others. I don't take the view of some Liberal politicians that you reward or punish according to how people have voted. Let me, having said that, let me make it clear that it is John Bannon who has been the one who has picked up this case. Here, overseas, there is no-one in South Australia who knows as much about this issue both in terms of its Australian ramifications and internationally, as John Bannon. There is no-one who could put the case as well as John Bannon.

JOURNALIST: Mr Hawke, tomorrow's Bulletin poll shows a drop of 6% of Mr Howard's approval rating.

PM: Does it? How do you know?

JOURNALIST: So I am led to believe.

PM: Do you believe everything you are told?

JOURNALIST: Almost.

PM: Let me say, it should do.

JOURNALIST: Well assuming it does. What would you say that means for Mr Howard's survival?

PM: Well, you know they are keeping a scorecard on him. The chief scorecard keeper is Michael Hodgman. And I believe, and I don't pretend that my avenues of information into the Liberal Party are necessarily as good as others, but what I regard as pretty reliable information, I understand that in recent weeks the best score that Michael has given John is 2 out of 10. So there is not much lower that he can go in the markings of his colleagues. But, I am not here to gloat about the demise of this once great party. Its descent into the most bitter factionalism that has been in Australia's politics for very many years. They make the Labor Party look like amateurs when it comes to factionalism. The hatred that is evident in Canberra now, between Liberals and National Party. I have not seen the like of it. And people who have been around for 30 years say they have never seen anything like it. So, if what you say is right, then it is going to exacerbate that bitterness and that hatred. And put back even further what we are all hoping for and that is perhaps the emergence of some policies, some principles. They are absolutely lacking in principles, policies and leadership.

JOURNALIST: You are getting an easy ride out of it though, aren't you?

PM: We are getting the ride that we deserve because of the results that we have produced in this country. That is one factor which is producing the attitude which is true in politics.

The assessment that is made is a combination of how they judge you positively in regard to what you are doing. And how they look at the alternative. And the alternative is pathetic. They got rid of Andrew because he wasn't a man of principle and policy. That was John Howard - ~~the man~~ he has got no principles, he has got no policies. Well, they have got less principles and less policies than they had before. And they obviously have got no talent there at all, nothing to turn to. So, I just don't know what they are going to do. But I don't want to pretend that I am taking up a great deal of time trying to think of answers for them.

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