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PRIME MINISTER

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E & O E - PROOF ONLY

HYWOOD: I want to ask you how long you intend staying Prime Minister. Do you intend retiring around halfway through the next Parliament if you win the next election? If so, do you believe your reluctant Treasurer would be the best person to takeover?

PM: Well my first.....to the next election and I would hope that something like three terms I would have been able to put into.....policies of this Government the directions in which this country was going. I've been in public life for a very long period of time and I hope to have some active and productive years for more personal pursuits. So I think something like the order of three terms would be appropriate. As to the succession, as in most matters with this Government, not all but most, it's a democratic process. I very rarely seek to impose my own will absolutely, and without discussion and certainly in the matter of my successor, the succession, I wouldn't seek to do it because I know I couldn't any rate.

GRATTAN: Mr Hawke on the third anniversary of your Government are you disappointed that you have had this week to break the initial promise on the uniform national land rights legislation and what do you intend to say to your critics?

PM: Let me, I thought there might be a question on this. So let me at the outset Michelle put my answers to a very legitimate question in the context of the record of this Government in regard to the advance of the aboriginal people in Australia. I'm proud to say that in this area there has been a more substantial application of funds than in virtually any other area of Government policy. The figures are that comparing 82/83 to the present time, that is the current year 85/86, there has been a 73 per cent increase in the funds made available for the advancement of aboriginal programs. In real terms that's a 44 per cent increase in funding in this area. And this Government therefore, has nothing to apologise for in terms of what we have done to seek to advance the interests of what by any standards is a severely disadvantaged section of the Australian population. The fundamental objective of the Government's policy in the area of land rights has been to achieve secure title for aboriginals over land with which they have a traditional association. We've consistently indicated a preference, if that's possible, that each state should take appropriate action to achieve that objective. And my Minister to whom I pay unqualified tribute,

Clyde Holding, for the work he's done and the manner in which he's done it, has through these three years consistently been having discussions with the aboriginal people, the representatives, the States, mining interests and others to try and secure a position in which the advancement of this objective, that is the obtaining of secure titles for aboriginals over land with which they have a traditional association, can be achieved in the most viable and secure way. A way which is going to risk the least possible creation of an atmosphere in which the aboriginal people themselves will be disadvantaged. Now considerable advances have been made in those approaches by my Minister with the States. In regard to the latest negotiations that he's had with Western Australia, the position is now, as a result of those discussions between Mr Holding and the Western Australian Government, that the Western Australian Government will provide secure titles to land for aboriginal people living on reserves in that State and a number of other measures. And that will, in fact, represent a very significant improvement in the position of aboriginal people in Western Australia. I also make the point that in the situation where, as a result of those sorts of negotiations, the approach to obtaining secure title for aborigines has been done by the States. We are not going ahead with that part of what was a more comprehensive approach to remove the right of veto of aboriginals in the Northern Territory. We regard it as not appropriate to do that in the absence of a more national approach. And I also refer to the fact that we have indicated our intention to bring in a permanent replacement for the Aboriginal and Torres Strait Islanders Heritage Interim Protection Act as a further reflection of our concern to preserve and protect aboriginal culture. Now I say all that and I make no excuse for the length of the answer because this is an important question. I guess in some sense one has to say that it is disappointing that the circumstances in this country have changed, from 1967 when the people of Australia overwhelmingly indicated the desire to have a more centralised approach on this issue. Attitudes are not the same in 1986 as they were in 1967. We have not therefore, however, retracted from trying to achieve our objective of obtaining secure title for Aboriginals because there has been this change in environment. We have sensibly and effectively tried to work within that environment and I believe that Clyde Holding is to be congratulated for the advances that he's made. I am confident that in the event, as a result of those negotiations that he has conducted and the decisions that we have made now in this environment, that the objective, as I say, of obtaining secure titles for Aboriginals over land, to which they have a traditional association, has been very significantly advanced. And I repeat, as I said at the beginning, this aspect of our approach in regard to the interests of Aboriginal people in this country has been undertaken within the context of this historically high level of real increase in funding for Aboriginal advancement in Australia.

DAVIS: A question on tax avoidance. Is your Government concerned about the erosion in the corporate tax base involved in the present wave of takeovers using negatively geared borrowings. Do you believe it's fair, or efficient that corporate raiders can negatively gear through their companies, while individuals can't?

PM: Ken, obviously this is an area of concern, not only to you and I notice the considerable amount of writings you have done on it. It is properly a matter for concern by us and the Cabinet has asked that the Treasurer should provide for us a submission on this subject. We will be getting that submission in the very near future and we will be considering what action, if any, is necessary in the light of that submission.

MACCALLUM: Can I ask you a general question on multiculturalism, which is a subject which I though you might have brought up in talking about the three years of your Government. It does seem that there is, in this as in other areas, something of a community backlash developing. Have you any plans to conduct any kind of public campaign to stress the advantages of a multicultural society? And perhaps following up the answer you gave Michelle Grattan, do you think in hindsight that the changes in attitudes towards Aboriginal land rights, which you've mentioned, could have been circumvented if there'd been more leadership from the Government?

PM: You say in regard to the first part of the question, Mungo, I can't say that there's been a decision specifically for a national campaign to highlight what are undoubtedly the very real advantages that this country has achieved through the fact that we have become a truly multicultural society. I would say however, that in the specific programs that the Minister is following, and in the programs that will be part of the Bicentennial celebrations, emphasis upon the advantages of our multiculturalism will be very much at the forefront. And let me say this, that should it become apparent that more needed to be done than in the areas to which I've referred, we would be prepared to do it. As to the second part of your question. It's always easy Mungo, when you're not sitting in the seat of responsibility to say you should have shaped attitudes in a different way, and if you'd shaped attitudes in a different way then outcomes would have been different. And I make no criticisms of those who sit back and perhaps express the wish that the attitudes of Australian society could have been moulded in a different way. But I have to say to you, and I say without any feeling of bitterness, or rancour about the question, it's certainly a fair question. This society is not an easily manupable society and I think that that's a good thing. Australian society is one which has a record of being prepared to make up its own mind, it's not easily manipulated by politicians or by one person and I think that's something for which we should be considerably grateful. So in a position of power and of leadership what you've got to try and do is to gradually produce what you hope will be a more compassionate attitude about issues of concern. You are, I believe, going to produce a counterproductive situation if you jump miles in front of where the populous is at this time. I say without any compunction at all that I would be happier, personally, if the environment, the attitudes of Australia in 1986 on the issue about which we were talking, were more like those of 1967. It does seem to be the case that a society of 1967, which had experienced a generation of full employment, whose contemplations were those of certainty of employment for themselves, certainty of growing living

standards, improving quality of life, that that society had a greater preparedness for compassion. It does seem to be the case that in a country and in a world if you like where greater uncertainty has become the characteristic of life, that that more obvious preparedness for compassion is somewhat diminished as compared to readiness of the Australian people to vote and act in the way they did in 1967. Now all I can say is that we have not diminished in any way, in our concern for the interests of the Aboriginal people in this country. I think we have a proud record on what we have done and within the constraints that exist today we will try and get a position where the Aboriginal people do have greater opportunities for secure title the land which they have a close association.

STANTON: The planned withnew provisions to cover mining access to Aboriginal land in the Northern Territory to be reviewed two years after the passage of the amendments. Are you prepared to give a commitment that aborigines in the Northern Territory will retain their veto right after that review, or might it be removed at any time?

PM: I wouldn't believe it would be removed. Let me make the position quite clear, and I hoped it had been before. When the Government was developing the concept of its preferred model on a wider national basis we had not regarded it as appropriate in that context that there should be this general right of veto around Australia. And in that context where we had that view we thought it appropriate to amend the Northern Territory legislation to bring about a position which was consistent with that point of view. We're not then proceeding down the path of that national model for the reasons which I have tried as directly and as honestly as I can to put to you. It seemed to us quite inappropriate, in those circumstances then, to take away a right in the Northern Territory. What we've done is to propose that that exercise of the veto shall be amended in a way which will mean that the veto will have to be exercised at the beginning. It won't be a situation where we'll say all right we agree to exploration, but then keep the right of veto as a lever, and a bargaining position in respect to the rewards, or compensation you're going to get in the event of actual mining. Now we believe that this is appropriate. We regard it as fair by the Aboriginal people themselves and will produce a situation in the Northern Territory which will properly meet the interests of both sides, if you want to put it that way. Now the purpose of the review will be to see how that system works out, but there would be no reason in my view why you would change the fundamentals of it.

MALONE: Do you have any idea who leaked the 1986/7 Federal Budget strategy document to the Sydney Morning Herald and when can we expect a sacking?

PM: No is the answer to the first question and that will no doubt please many of you because I know you have a vested interest in the continuity of the leaking process. I don't want to leave you with the impression that we are in a state of high anxiety about this issue. I think we're handling it calmly. Obviously it would be quite dishonest of me to say that I'm not

disturbed by the fact of the leak. No government of any political colour or persuasion likes to see the leaking of a significant document. I didn't like seeing it. I'm disappointed that it happened. We're looking at the issue and we're handling it in our usual competent and cool fashion.

DODD: I refer to your midterm magpie campaign and I'd like to ask you as most ALP strategists seem to think that the length of the last election campaign was one of the factors that led to a swing against you and basically because it made people bored, do you believe that launching a campaign midterm will bore people silly and subsequently you'll get an even more adverse reaction. And finally can I ask are you going to give a cast iron assurance that it is in fact a midterm campaign and that you have absolutely no intention of going to the polls before the end of next year?

PM: The answer is yes, I'm sure it won't bore them because there's a very large difference between doing what we're doing in the sense of sharing our pride with the people of Australia for our joint achievement in getting 600,000 jobs. I really mean what I say. I believe that that's been a joint effort and endeavour of this great Australian nation and I think it's right that we share pride in it. So it's not the start of anything like you talk about and yes we won't be having an early election. I'm fascinated by this speculation about an early election. I mean I just don't know where it arose, I mean other than from the obvious fact that people say you must be as cynical as the Libs because whenever they saw, and it did occasionally arise in the past that the Labor Party got into a bit of disarray, it had a few problems, when that happened the Libs used to say wacko here's a good chance for an election. Now because that was that was the cynical and consistent attitude of the Conservatives there seems to be an assumption that I would operate the same way, because I see an Opposition in total disarray, an Opposition of historically proportioned incompetence, it's seems to be suggested that I would do a Malcolm, or a someone else. No sir. We will go full term.

JOURNALIST: (Niki Savva) Niki Savva of the Melbourne Sun, Prime Minister.

PM: Hey, the headlines are wrong today Niki.

JOURNALIST: Which ones.

PM: The Sun headlines.

JOURNALIST: All of them?

PM: I only saw the one edition and that one was wrong.

JOURNALIST: Mr Hawke, isn't it true that leaks are a fact of political life and no action you can take will stop them and do you agree with some Ministers that the latest leak could have wrecked the Budget processes?

PM: They do seem to be a fact of life so far. I mean I haven't suffered anything as grievous as whoever that mischievous person is on the Opposition front bench who leaked the details of that disastrous meeting that John Howard had with the Business Council. I mean that was just unbelievable that anyone could do that. But, yes these sorts of things do seem to be a fact of life that the odd document seems to leak out. The answer to the second part of your question is no. It has not wrecked the Budget process. I mean I wished in a sense I could do a public leak myself of a document and sort of share with you the beauty of the letter of the seven because it is a very sensible letter, a very sensible letter. A letter which recognises explicitly, I mean the final paragraph, that the decisions that will have to be taken in the budgetary process will have to be taken within the appropriate fiscal environment. And having said that and I recognise that they put their case. That's perfectly natural that Ministers who have important portfolio responsibilities particularly in the welfare area, are going to fight as hard as they can to try and see that the things that they regard as important are going to be protected. I wouldn't respect my Ministers in those areas if they didn't fight as hard as they possibly could. Now having said that I, of course, was unhappy about the fact that the letter was leaked but I had no problems about the letter itself at all. Let me make that quite clear, no problems about the letter. And the Budget processes have started and we will, as we go now into our fourth Budget, we will be as successful as we have conspicuously been in our first three Budgets. That is, we will properly balance the requirements of responsible macro-economic management to create the conditions which will be conducive to sustained non-inflationary growth with, at the same time, protecting the interests of those in the community most deserving of government assistance. We have been successful in that. We don't have to come to the Australian people and say trust us, we'll do it because we have got the runs on the board. That is the way we have operated successfully to this point. We will do it again in the preparation of the 1986/87 Budget.

JOURNALIST: (David Barnett) David Barnett, Mr Hawke.

PM: Yes David.

JOURNALIST: and suggests to you that over the past three years there has been a movement of transfer of power and authority to the ACTU which is quite remarkable to such an extent that a newspaper quite literally suggested that Mr Kelty was now the most powerful person in the land

PM: They used to say that about me while I was President of the ACTU. I obviously didn't have the same judgment and even moved to a less powerful position.

JOURNALIST: taken up by the Opposition leader and I might suggest there has been a diminution in the authority of the government and of the Prime Ministership. What prospect do you think there would be for a coalition government to try and reverse that process, to try and take back some of the authority, some of that responsibility that has now moved to the ACTU?

PM: Well, I am not quite sure how you describe an assumption on a mistaken premise but that's what the question constitutes. The assumption that the coalition government will be coming back into power in the foreseeable future is something which I repudiate. But the premise is mistaken. Now let's be quite clear about this. Let's get the nonsense and rhetoric out of the way. What I said to the Australian people in February/March of 1983 was this, I said to them look you have now had seven and a half years of one particular approach to government. That is an approach which takes the view that working people and their organisations out there are a hostile camp. They come from another planet almost and that good government demands confrontation with them. I said, well just have a look at what it has produced. It has produced the worst economic crisis in 50 years. The phenomenon of simultaneous, double digit inflation and unemployment with high levels of industrial disputation. That's what the approach of fighting, taking on antagonistically the representatives of ordinary working men and women has produced. And I didn't pull a swifty on the people of Australia. I said to them openly there in 1983 now look there is a better way of doing this. I said what we are going to be about is the first step of national reconciliation. Now that was not rhetoric. It was about bringing them together not treating trade unionists and their organisations or employers and their organisations as enemies but as important constituents of Australian society and of the Australian economic process. Now you don't make sense of that promise by saying alright you have elected me now I am not going to move to give effect to that promise. No one can say we didn't do it fairly openly. We had the Summit, we put the Accord there. The Accord was drawn up during the election campaign openly there in Melbourne. I saw what it was about, what it promised, the processes of consultation not just on economic management but on a wide range of issues. There it was. What they got was what they saw. And then we said we will now proceed to create the mechanisms for fleshing that out. And we created the Economic Planning Advisory Council. And I can say to you that nothing has given me greater pride as Prime Minister than to sit down and chair successive meetings of EPAC where you have had leading representatives of the business community sitting there, and they

won't mind me saying this, in admiration at the way in which representatives of the trade union movement have not simply expressed a point of view about the interests of their own people. But have responsibly and constructively said these are the sorts of things including restraints within our campaign which need to be followed if we are going to try and maximise the opportunity for growth in this country. I make no apology about this that I sit down and talk with these people. It is what I have promised and what has come out of it. We have got out of this process the highest rate of employment growth in the history of this country, the highest rate of employment growth in any country in the world. We have got out of it, out of the situation where we have handed over, in inverted commas, control to the ACTU, we have got out of it the restoration of the most competitive position that this country has had for 15 years. We have got back a restoration of profit levels to the highest position in 15 years, the reduction of real unit labour costs to the best position in 15 years. Is that something which is against the interests of employers, that they are now more competitive than they have been for 15 years. Is it against their interests that as a result of talking with the ACTU and getting their co-operation with reduced real unit labour costs. We have given the employers back the capacity for productive investment that they never had before under the situation of antagonism. I make no apology for that. There is nothing of which I am more proud.

JOURNALIST: (Peter Bowers) Peter Bowers, Sydney Morning Herald. Prime Minister, in your 1983 election speech you promised to lift age pensions to 25% of average weekly earnings in the three year term of government. In your 1984 election speech you qualified that undertaking by saying you would try to achieve the 25% target in the next three years. Now in what you have referred to in your speech today and I quote "our goals of greater efficiency and greater equity", what steps do you propose to take in your next three years to lift age pensions to 25% of average weekly earnings?

PM: Peter, it will remain a continuing objective. We have got the position, as you know because you are a close student of the economics of government, we have got a position where we don't have unlimited capacity to pursue all our social objectives simultaneously. And what has characterised our approach in the three years of government, as I think you appreciate, is that we have sought to target the areas of greatest need and they have been particularly the situation of single parents with children and there have been very, very significant increases in outlays in that and related areas - pensioners who are renting and other areas of significant increases in outlays. So you have sought those areas pensioners who really are in the greatest need and have given the greatest increases there. I repeat now that as we go through the next period we will not abandon that objective. We will seek to obtain it. It will be dependent, the timing of it will be dependent upon our assessment of the economic capacity of the community. We don't as a government - Hawke, Keating, those 27 people in the ministry, it is not our money it is the community's. We are agents for the community, we are trying to in a growing society and one where we are trying to get greater equity, are trying to take as the first steps for the improvement

three years a very considerable increase in employment. If at some stage down the track I believe that it is appropriate to set some sort of figure, it would be done. I don't see any sense in which it is necessary now. We are not a Party coming in untested and seeking the endorsement of the Australian people. We are a government which has now shown its, I think, unrivalled competence in this area. I don't think a statement of targets is necessary.

JOURNALIST: (Paul Kelly) Paul Kelly from News Ltd, Mr Hawke. You said in your speech that the world doesn't owe us a living but the world is making pretty tough for us at the moment. Our trade account is declining and this has forced your Government into imposing a monetary policy which has led to a significant economic slow down so severe that the Treasury document published yesterday cast grave doubts on the Government's capacity to continue with job creation next year. In the light of the international situation and your statement in your speech that the Accord is flexible, can you countenance the possibility of a renegotiated Accord during the course of the year if a lower wage outcome is necessary in order to ensure that job creation is maintained? I have got a second question as well.

PM: Well, let me deal with the first one first. I mightn't share power with the ACTU but I do with Madame President. Let me just quickly make what I think is a relevant point in regard to that first question, Paul. We renegotiated the Accord and we did it at a time where there was an enormous amount of cynicism as to whether the 2% that we negotiated, 2% discount that we negotiated would be anywhere near adequate for the impact of the arrangement it took from depreciation that had taken place that would occur through 1985 - the price impact. But in fact all the evidence that we have got now suggests that the 2% that we negotiated last year, ahead of the event, will virtually exactly correspond with identifiable inflation impact of the depreciation during 1985. Now in those circumstances we don't see it as necessary to go for further renegotiations. I simply make the point and it is all that is appropriate to make now that yes, the Accord is flexible. I don't hypothesise that we are going to have the emergence of a situation where any further negotiation is necessary. I simply flag as I have before, there is the flexibility within the Accord. It is a matter of public record that we have acknowledged that and the ACTU has. But I am not saying that on my reading of the situation that I believe it is necessary, as we see it now, to seek to exercise that flexibility.

JOURNALIST: (Paul Kelly) The Federal Government is looking at the proposed Holmes a Court takeover of BHP to make an assessment as to whether there will be any revenue loss involved in the takeover and if it hasn't will ensure that it does impart the the Government's ongoing review of this?

PM: Yes, we have addressed that question, Paul, and as I think is known we will be meeting this afternoon with representatives of BHP and tomorrow morning with representatives of Bell. And as well as what we have already done, in terms of our own investigation, questions will be directed to the people with whom

we are speaking that will be relevant to that issue.

JOURNALIST: (Geoff Kitney) Geoff Kitney of the National Times, Mr Hawke. Just following on from Paul's question about BHP. There has been a suggestion today that an appropriate way to look at this question would be through the Steel Industry Authority as suggested by John MacBean. I wondered if you could offer your reaction to that?

PM: It was suggested, Geoff, that section 7 of the Act provides that capacity. Section 7 sets out the obligations of the Authority to investigate matters affecting the steel industry. They put that in general terms and then they particularised the sorts of things that can be looked at. And I think it is arguable that within the terms of section 7 of the Act that you could ask for some sort of inquiry there. I accept that it is arguable but what we have done and I think it is the appropriate course action is to say well, ultimately the Government has to come to decisions on these matters and we think it is more appropriate that we should directly speak with both BHP and with the representatives of Bell and Mr Holmes a Court, address ourselves to these issues but the next point which is directly relevant to what you have said is that following those discussions I will, and I have already arranged for us as a group of Ministers to meet with the Steel Industry Authority's Mr Roberts to discuss with him the outcome of the discussion that we will have then held with the representatives of the two groups.

JOURNALIST: (Bill Goff) Bill Goff from AAP, Prime Minister. Change of pace for the last over of the day back to the Aboriginal land rights question. Both yourself and Mr Foley have now expressed some satisfaction of the progress made by the States towards the securing of land tenure I have two questions. Is the preferred model of the Commonwealth now completely irrelevant or will the Federal Government reconsider the introduction of national legislation if some or all States fail to make further progress towards the standards of the preferred model within a reasonable time?

PM: It is not irrelevant Bill. It contains the statement of the Government's principles, the desirable objectives in this issue of trying to get secured title for Aboriginals in regard to land with which they have a traditional association. That is the objective and the preferred model sets out considerations which are relevant to the achievement of that objective. I have stayed in fairly constant touch with my Minister. On this he reports regularly to me and I must say that his reporting to me is one of optimism about the way in which negotiations are going. There is no doubt that as far as Western Australian is concerned there will as a result of the agreement that has been reached, which will go both with the question Bill, of title of the land and also with the question of improved infrastructure. I mean we have made a joint commitment now with the intrusion of considerable funds to provide a significant upgrade of infrastructure within the areas to which they will get secure title. Now I can only say that on the reports that Clyde Holding makes to me I believe that we have grounds for considerable optimism under this approach and therefore I don't think the question that you put arises. We will

positively continue those negotiations and try and have this co-operative approach with the States because I am certain, I think there can be very little doubt about this, if you can get the objectives through co-operation with the States, the Aboriginal people themselves are going to be able to enjoy the outcome in a much better environment than in one of confrontation.

ENDS