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**PRIME MINISTER**

TRANSCRIPT OF PRESS CONFERENCE - FRIDAY 11 APRIL 1986

E & O E - PROOF ONLY

PM: Ladies and Gentleman this press conference was originally called to preview the overseas visit I'm undertaking next week. I'll just give you a brief resume of my views on that. There may be perhaps some other matters that you want to ask me questions about, which you can do after I've done that. You will appreciate that the common theme running through the talks I'll be having in Washington, London, Brussels, Rome and Athens, that is the concern the Government has for the position of Australia's rural producers, in the light of the corruption of international markets for agricultural commodities. So with that as our primary concern we will in the United States be asking basically two things. Firstly, that the administration of the United States should have regard to the interests of Australia's producers, in effect to their farm legislation. And that there should be, in so far as they proceed with that program, there should be a specific targeting of the program against those with a real concern in the United States and that there should not be an adverse impact upon Australia's rural producers. The second consideration that will be advanced is that the United States should use its best endeavours to ensure that at the Tokyo Summit meeting the question of trade and agricultural products should be on the agenda and that the United States and the rest of those engaged in the Summit should ensure that at the upcoming MTN round that agriculture should have a prominent place so that a much more stringent rules and regime in the GATT that apply to manufactured products should also apply in the case of agricultural goods. Of course I'll be proceeding with the same range of arguments less the specific consideration of the United States farm legislation when I go to the United Kingdom, Brussels and to Rome and to Athens. While in the United States I will be addressing other matters in my conversations with the President and other representatives of the administration and Congress. Without being exhaustive about those other matters, we'll be talking about the ANZUS alliance. About the South Pacific nuclear free zone and the desire that we as a country in the South Pacific have that the United States should adhere to the protocol of that treaty. We'll be talking about East/West relations and arms control. And certainly I'll be wanting to talk to President Reagan about questions concerning southern Africa. I will in my visit to Rome and Athens, of course, be talking about matters of bilateral interest to us which spring very much from the fact that we in Australia have benefited so significantly from having a large Italian and Greek origin population. There will be matters of general interest for

discussion. Quite specifically also I'll be talking about the question of reciprocal social security arrangements. In that respect we'll be signing the relevant treaty arrangement with Prime Minister Craxi. So ladies and gentleman, that broadly is the ambit of the visit that I'll be undertaking. I think it may be most efficient if we have any questions directed to that area, then throw it open to anything else you want to talk about.

JOURNALIST: Mr Hawke the administration has already given Australia a number of assurances and taken a number of measures to ensure Australian agricultural trade is not affected by the Farm Act. Do you think it's realistic to expect further assurances and concessions?

PM: I believe so. Of course those assurances that you refer to already have flowed most recently from the very valuable work done by Mr Dawkins, the Minister for Trade, on his visit to Washington. I'll be attempting to build on that work.

JOURNALIST: Mr Hawke in all the time that the GATT's been going there's been very little done for agriculture. Have you any particular reason to be more hopeful of the outcome this time?

PM: I think there's one reason in particular and that is that the burden of the common agricultural policy of the European Community is, of course, increasing very significantly and is now of such dimensions that it is not only causing very considerable problems for efficient producers, like Australia, but it is also assuming increasing burden for the European countries themselves. It's adding significantly to their own costs and price structure. That involves a divergent and a misallocation of economic resources. It means that they can't optimize their own levels of economic activity. Now I think the understanding of that fact is one reason why we should have some greater degree of optimism in this area than we could have had in the past.

JOURNALIST: Mr Hawke, more or less on the subject, could you give us a summary of your talks with Secretary Weinberger?

PM: Well we covered the issues of the ANZUS alliance, what the current position was and put the certain hypothetical situation if the New Zealanders went ahead with their proposed legislation. Of course I repeated what I have said both privately and publicly, that in that event we would be looking for a position where the United States did not seek to repudiate the treaty itself. It makes sense to leave that in place and that as between the United States and Australia there should be an interchange of letters between President Reagan and myself, the effect of which would be to establish that as between our two countries the provisions of the treaty continue to operate. We discussed, as well, at some length, the South Pacific Nuclear Free Zone Treaty. I was at pains to establish in the mind of the Secretary that it would be a quite wrong interpretation of the development of the South Pacific Nuclear Free Zone Treaty to believe that for any of the countries of the South Pacific it represented any reaction to some Soviet position. A view that at least implicitly could have been said to be expressed in a recent Department of Defence publication in the United States. I

stressed to the Secretary that this was a truly indigenous view, strongly held, unanimously held by countries in the forum. I emphasised that in our advocacy of the treaty and in all the argumentation that had gone on in the forum we had stressed that, as far as Australia was concerned, the treaty would not be, and would not be allowed to be by us, inconsistent with our treaty obligations and arrangements with the United States. And in that sense I expressed the hope to the Secretary that the United States would be able to see its way clear to become adherence to the protocols. We talked also about developments in the Philippines. They were the most substantial areas of discussion. There was some discussion on SDI as well.

JOURNALIST: Sir did the Secretary give you any confirmation of the reports out of Washington that the Americans are planning more strikes against Libya.

PM: No.

JOURNALIST: Did you raise with him the continued nuclear testing in Nevada?

PM: No I did not go specifically to that.

JOURNALIST: When you put to him that it would be helpful for the Americans to adhere to the three protocols of the treaty what was his response? Did he indicate that that might happen in the short-term, or long-term?

PM: No. It would not be fair to the Secretary to say that he gave any such indication. I think the fairest way of putting it is he listened very carefully to the exposition I put, the strong expression of view that I put, that we would not allow our obligations, responsibilities and rights under our pre-arrangements with the United States, to be in any sense abrogated or diminished by the treaty. I think he understands that. Now, of course, the processes within the United States Administration will have to be pursued to what decision they make on this matter. It's a point that I'll be taking up further when I'm in the United States.

JOURNALIST: How optimistic are you sir that they will eventually go along with it?

PM: I think it's a matter in which it is unwise to post the odds. But I think our case is strong and I think the United States is persuaded of the integrity and validity of the position that we're putting. I think perhaps that the problem is not in that respect, but rather is to what impact adherence to the protocols by the United States may have for them, in their relations elsewhere.

JOURNALIST: What was the substance of the discussion on SDI?

PM: I said to the Secretary that I understood that the Defence Minister, Beazley, had discussed this in detail with him, which he confirmed with me he had. And so therefore the Secretary had a clear understanding of our position which had been put by the

Minister in the Parliament earlier this week. Not much of substance beyond that, except that on my part I reiterated the belief of the Government that while we accepted completely the integrity of the United States in their approach on this matter we could not be persuaded that, as far as we were concerned, it would be appropriate for Australia to be associated with the program.

JOURNALIST: Mr Weinberger has made it clear that he is still going to offer Australian companies an opportunity to take part in the SDI program. Are you happy with that?

PM: It's not a question of happiness, or unhappiness. As has been made clear by the Minister for Defence, we will be receiving, as a Cabinet, submissions from the appropriate ministers on this matter and those residual areas, as the Minister for Defence referred to, will be considered in the light of those submissions.

JOURNALIST: On the Dawkins' matter, Mr Hawke, if the situation arose in the future in a situation similar to Mr Dawkins', would you be quite happy for a Minister to adopt the same attitude as Mr Dawkins, that is to make his own decision as to whether there is a conflict of interest or do you think it is preferable to put the matter before his colleagues.

PM: Mike, I made clear in the Parliament today, and despite rather asinine observations from those opposite, there was no change from the position that we had put from the beginning on this. And that is that as a matter of regular, consistent requirements there will be, as laid down in the documentation which I tabled and of which you are aware, the requirement of the declaration of interest in regard to the Minister and members of their immediate family defined as you know it is. Now, that is step one. Step two, as I have said in the Parliament today, I don't think it is possible to have a general rule for fairly obvious reasons. Now, in saying that, there clearly could be cases in which some interest beyond the Minister and his or her immediate family could be relevant. Therefore, my position would be that I would expect my Ministers to exercise their judgement. I can't have a general rule beyond immediate family. And I don't think anyone is really suggesting that you can. So therefore at the second level beyond immediate family, it becomes a question of judgement by the Minister concerned. Therefore, I say in regard, and I take this opportunity of repeating in this audience, that I believe that the judgement made by Mr Dawkins was one taken in good faith and that he believed, on his consideration of it, that there was no conflict involved. He did not need to disclose it. On the record of my Ministry in the over three years of government now, I have faith in the integrity of all of them. If we want to look comparatively at the record of this Government with our predecessors, there is only one conclusion that you can come to and that is that the previous government was scandal-ridden. There was a procession of resignations and dismissals. There should have been more, as I indicated today in the Parliament. This has been a solid Ministry and one of integrity. I have no reason to believe Mike that any of my Ministers would not address their minds, in the hypothetical situation to which you refer, and come up with the appropriate decision. And in those sort of circumstances where, by definition, I think it is not open to have a general rule beyond the immediate family. One is in a position where you need to rely on the integrity of Ministers. I have every confidence in all of them.

JOURNALIST: Are you now happy with the situation where if he knows his mother stands to benefit from a decision in which he is taking part, he doesn't have to declare it. Is that what you are saying?

PM: Yes. If the Minister makes the decision and addresses his or her mind to the question and is satisfied that there is no conflict of interests then on all the evidence I have had to this point, I have no reason to belief that the integrity of the decision making process will be prejudiced.

JOURNALISTS: Why not take the same attitude to wives and children?

PM: I think for fairly obvious reasons. There is much more likelihood in the natural course of events of disposition of assets, not only in regard to Ministers, but everyone ... affairs, there is much more likelihood of a flow of assets between a person, whether it is a Minister or not, and wife and children than there is to distant relatives.

JOURNALIST: Mother isn't distant, Prime Minister?

PM: Well, it is not a normal sort of situation that you are in the acquisition of assets, going to be placing them with your mother. It is much more likely that there will be a co-location of assets and interests between husband and wife and husband and children.

JOURNALIST: Mr Hawke, surely this is the wrong way round.

PM: You may say surely it is the wrong way round.

JOURNALIST: The flow of assets usually from parents to children?

PM: In terms of the bequest of assets. I am talking about the situation as you acquire assets yourself. The reason for the immediacy of the rule, I think, has been quite clear. It is not only our rule. The definition that is involved in the Bowen rules and it is the definition that was involved in the decision made by the House recently. That is made sense in practical, realistic terms, conforming with normal practice, to talk about immediate family. What you are implying by your question is that there has been a mistake made not only by this Government in terms of the guide to Ministers, but by the House, by the Bowen set of definitions. It reflects the fact that you talk about the Minister and immediate family <sup>and</sup> reflects, I believe, the realities and the practicalities. Having said that, I want to emphasise that I don't believe that you cannot have a situation where an interest held by a person in relationship with the Minister, other than in terms of that immediate family, cannot be relevant. Now, you reach a point therefore, I am saying, where the judgements have to reside somewhere. I have no reason, on all the experience of my Ministers in three years, that they are not going to exercise that judgement with integrity.

JOURNALIST: Where there are cases of doubt, wouldn't it be better for that judgement to be done collectively or by you as Prime Minister for the sake of consistency?

PM: Once you say that you are going into the area beyond the immediate family, well then I think you are likely to have a position where a whole range of issues being considered by Cabinet and committees, you are going to have Ministers saying well however infinitesimal it is, well I better that, I better mention this. And I think that that is not going to produce an effective and realistic position. If I were faced with a position where I had any reason to believe, on three years of Government now, that my Ministry had given evidence as acting other than in a proper way, then it may be that the different sort of presumption that you would seek to apply would be appropriate. I have had no evidence to this point, that I need have that sort of concern.

JOURNALIST: Would you have made the same judgement in Mr Dawkins' position, Mr Hawke?

PM: How can I say that. I simply can't put myself in the situation of relationships between Mr Dawkins and his mother.

JOURNALIST: In the case of your father, perhaps, of having a shareholding in one of those companies, would you have ...

PM: You are really getting into the hypothetical area. The old man wouldn't know what a share looked like.

JOURNALIST: Shouldn't Senator Button have known that a company of which he was a director had shares in BHP?

PM: Well, I doubt that he should have. If you are talking about the drawing of long bows, I think this<sup>is</sup> about the longest one of all. According to the note I had passed to me in the Parliament later today, Senator Button publicly declared his directorship of that company. It is not something that he had hidden. I don't know whether it is the normal practice for directors to know of the shareholding, the whole portfolio shareholding of every company with which they are associated. I would think it surprising. I doubt if our friends on the other side of the House who have had associations, directorships of companies, many of them would pretend to know the exact portfolio shareholding of every company with which they are associated. I would be surprised if that was the normal practice in business.

JOURNALIST: Prime Minister, this company had invested half a million dollars in BHP shares. Wouldn't you expect the directors to know that?

PM: Well, all I can say is this. And this is the important question. If Senator Button says he didn't know, I accept that fact. I have no reason at all on this or any other matter to question the integrity of Senator Button. And I would suggest neither have you. Nor anyone else in this room.

JOURNALIST: Mr Hawke, in your statement of September 1983 you made it clear that there was an obligation upon Ministers to declare if there was any possibility that a situation may arise out of a conflict of interests, for them to declare the situation. I am just wondering what extent has this actually worked in practice?

PM: Without going to all the details, I can say Paul, that it has operated. And the records show that there have been occasions on which this has happened.

JOURNALIST: Have there been any occasions in the past when the possibility of government appointments of close relations of Government Ministers?

PM: I can't give you the total list because I haven't had the total list put before me. I simply had a note that the records show that there have been a number of occasions on which this has happened. I am quite prepared to get that list and give you an answer to that question. I am not in a position to do it at the moment. I simply don't have the information.

JOURNALIST: Prime Minister, on that point about Senator Button. I thought, in your statement of September 1983, that Ministers were required to resign from directorships, a ... that Senator Button has not done.

PM: I have got the House of Representatives thing here. " ... will cover shareholdings, directorships of private companies. And I should make it clear in respect of that category that Ministers are required to resign any directorship from public companies and directorships of private companies unless for example such companies operate ... (inaudible) ... or investments and the retention of the directorship is not likely to conflict with the public duty of the Minister." Now, I think the judgement that would have been made by the Minister is that the retention of the directorship is not likely to conflict with his public duties.

JOURNALIST: In the light of the information we have today, do you think he should resign that directorship?

PM: I had nothing put before me, at this point, that would lead me to that conclusion. I intend to have a discussion with Senator Button. And when I say I intend to have a discussion I don't want any implication to be drawn from that, that I have any dissatisfaction with the Senator. But as it has now been a matter of public record, I think it is appropriate that I should have a discussion with him.

JOURNALIST: But you now know Sir, that that company stood to make a very big profit from Senator Button's deliberations ...

PM: No. But what I do know is that he has said that he was unaware of that shareholding. And I therefore know that, by definition, it could not have been a matter which affected his deliberations on that matter. It just seems to me appropriate Laurie, that it having been raised, it would make sense for me to talk with him, find out with him what is involved in his directorship. The nature of that involvement. It seems a very sensible thing to do. And I am sure he would want to talk to me about it.



JOURNALIST: He conceded in the Senate sir, that under the Companies Act he has an obligation to look after the interest of shareholders of that company. Doesn't that conflict with his duties as a minister in some circumstances?

PM: Not necessarily but it is precisely because, I guess, that possibility could arise that I want to talk with him. I can't  
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JOURNALIST: Discussing the possibility of him resigning from the directorship?

PM: Well, I won't be going in that sense I will be simply saying - look John, this matter has arisen. I accept completely your statement that you were unaware of that shareholding, because I would have absolutely no reason to believe that he would tell other than the truth. I know he wouldn't. And ask what is the nature of the function he has there and the sorts of things that are involved. How much he is involved as a director, just what's the range of matters which come into that directorship and then as a result of that discussion see whether I would make that judgment. But I don't go into it with the basis that I am saying look you should resign. I mean it seems to me appropriate that I should find out what the situation is.

JOURNALIST: Just to follow that up, Mr Tuckey is not a director of the company yet he was able to find that it had these shares in BHP. Don't you think Senator Button could have if he regarded this as an important principle.

PM: Well, I guess Laurie, that when the matter came before the committee it didn't occur to him. I guess there was no reason why it should have. And now that he has become aware of it well, that matter has now been dealt with. But all, it seems to me, that one can do properly in these circumstances is that the matter has arisen, as I say, I repeat to you it does seem appropriate now that I should talk with him about it to see if there is any potential conflict of interest and in the light of that discussion make a decision.

JOURNALIST: Doesn't that awareness though invite self constituted conflict of interest because he is dealing directly with an area all the time with BHP?

PM: Well, his portfolio does very much come into that area. He was responsible for the steel industry plan that's right. But I would simply make the point on that issue that the decision of the Government in regard to the steel industry was one which was not made for the benefit of BHP as such. It was made for the benefit of the country as a whole to the extent that BHP benefited from the steel industry plan. That was a residual, it was not the intention of the Government action. But I don't think I can usefully add to what I have said. I am clearly not trying to avoid the question that has arisen as a result of the disclosure of his directorship.

JOURNALIST: Can I go back to an earlier point Prime Minister, since he has conceded under the Act he has an obligation to look after the interests of shareholders of that company which holds BHP shares as well. Isn't that intrinsically a conflict of interest?

PM: Potentially it is, it is one of the matters .....

JOURNALIST: Intrinsically, doesn't the conflict exist all the time? Can he look after the interest of those shareholders and still fulfill his duties as a Cabinet minister honestly and without any conflict?

PM: It raises a prima facie problem and that is why I want to talk with him.

JOURNALIST: Where does that leave the Cabinet decision then Mr Hawke, if Senator Button does accept that there was a conflict of interest? Doesn't that undermine the Cabinet decision itself?

PM: I don't believe it undermines the Cabinet decision.

JOURNALIST: Prime Minister, doesn't this point concerning Senator Button just highlight the problem of relying on a minister's own judgment about a possible conflict of interest in that you have to now go back to him and really run Senator Button through his thought processes and see if you agree with them.

PM: Well, let me say and I pick up really a point that was made by Mick Young in his speech in the House. I think the logic of it and the sequence of it should be understood. When the previous government was in power they resisted strenuously any attempt to try and bring in some rules and order into this question of private interests and public responsibility. We have moved now to bring a greater degree of regulation into that area. Now as the Special Minister of State said, and I believe rightly, this issue is going to evolve. I don't think that the Government, certainly I wouldn't make the judgment that we necessarily have got it 100% right when we made the change. What I would assert without any possibility of I believe relevant objection is this - that we have made a substantial move to improve the position of bringing into juxtaposition the question of public responsibility and private interest. We have done infinitely more than has ever been done before. Now if there are some bugs in it, if it can be improved then so be it, that will be done. We are not to be criticised for that. We have made the move to improve the situation. If we can do it better, we will.

JOURNALIST: Just on that point Mr Hawke, while recognising what the Government has done on pecuniary interests. In the light of what has happened involving both Senator Button today and Mr Dawkins in the last couple days, would you be prepared to concede that at least to some extent your ministers have been a bit less than careful in adhering to your statement in September 1983 that they should inform on any matter that may give rise to a conflict of interests.

PM: You see it goes back to the answer I gave before Paul, that I believe Mr Dawkins when he said that he addressed his mind to this matter and believed that there was no conflict. And I am prepared to accept that judgment and certainly in the case of Senator Button. I accept without question his observation that he did not know .....

JOURNALIST: .... that is the point ....

PM: Well, could I finish. What is said here and I am referring to the passage I understand which says ministers have to make a declaration at meetings of Cabinet committees of any matter which may give rise to a conflict of interest. By definition where the knowledge is with them, in the first instance they have to make a judgment as to whether there will be a conflict of interest. Now I have said at the beginning I don't think you can have a general rule about that beyond on the immediate family. Now you ask me do I think that they may have made an error of judgment. I don't think in, it was only one case because with Senator Button there was no knowledge, in the case of Mr Dawkins I am prepared to accept his judgment. I don't believe in his consideration of the matter that he was affected in his consideration of it by the knowledge that his mother had some undetailed holding in Bell. I watched him in action. I am now speaking with hindsight of course, but I watched him in action, I listened to him. I had no reason at all to believe from my recollection of the meetings both with BHP and with Bell that Mr Dawkins was influenced by that fact. There was no evidence in any way.

JOURNALIST: ..... correct political judgment given the circumstances?

PM: Well, it may be that Mr Dawkins would now make a different judgment. I don't know but I accept without hesitation that (a) he addressed his mind to it, (b) as a matter of logical thought processes he believed there was no conflict in it. I accept that that happened and those processes. I have no reason therefore to believe that he acted improperly. It may be that now he would make a different decision but who can say that. The important thing in regard to the attack that has been made on Mr Dawkins was in regard to that circumstance. I believe implicitly that he acted with integrity, that he did what he said he did.

JOURNALIST: Can you recollect how many times you have been called on by other members of the ministry to make a judgment on possible conflict of interest?

PM: No, I can't recollect that as I said in answer to a previous question.

JOURNALIST: Sir, can I change the subject briefly?

PM: Sure.

JOURNALIST: Do you expect Senator Georges to be expelled from

the Party for voting against the Government today?

PM: Let me say what has happened. I have spoken with at their request the Chairman and Secretary of Caucus, Mr Mildren and Ros Kelly and they have indicated that they are conveying to both the Queensland State Secretary and Federal Secretary of the Labor Party the action of Senator Georges and I would anticipate that the processes of the Party will now follow.

JOURNALIST: What processes?

PM: Well, when you say processes I can say what is the provision in the Party. A person cannot do what Senator Georges has done. We haven't got any recent processes on which to rely but I assume that once the State Secretary of the Party has been informed that they would move to give effect to the provisions of the .....

JOURNALIST: Do you, like me, believe there is no alternative to expulsion in the rule?

PM: Well, I am one who doesn't have a public exposition of what goes on within this great Party. I allow that to occur privately without expressing my view.

JOURNALIST: On the same subject Prime Minister, three members of the House of Reps got up and ..... amendments from the Senate which provides for the extension of the deregistration time scale from 3 to 5 years. They got up at about 4.25 pm. They said it hadn't gone to Caucus, should it have gone to Caucus?

PM: Well, we had a time problem here. They discussed with the minister and with the Leader of the House and the problem that we had was that if in fact you have it going back to the House with the Democrats amendments not being accepted and then going back to the Senate, there is a timetable which the minister has in fact initiated and in regard to which the unions involved are ..... then that would have been frustrated. Now in those circumstances the minister met with the Caucus committee in offering a time to have the normal processes to which I have referred and that was regarded in the circumstances, I believe, by the majority of people Parliament House .....

ENDS