



## PRIME MINISTER

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HOBART

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JOURNALIST: ... money market, why do you think that ...

PM: Well, I suppose you have got to assume that in some cases there are people who believe that they will make a killing out of what they calculate will be the reaction to such rumours. NOW, I guess this is the price that you have to pay when you free up the market. I regret it, that those sort of things happen, but it is the price you have to pay. I wish that there were people in this area who would show the sort of responsibility which they demand of others, say particularly unionists. I guess the same sort of people are saying that the wharfies are damaging Australia by having a couple of days strike about superannuation. It would be the same sort of people who are exercising a great degree of irresponsibility themselves.

JOURNALIST: Do you regret having floated the dollar?

PM: No, of course. We would be paying a much worse price if we hadn't floated the dollar because the fundamentals are that there are these changes in the terms of trade which means we are getting less for what we sell. And so your exchange rate has to reflect that. Now, under a floating system that is happening. The movement has been, as I say, exacerbated to some extent by, I think, some degrees of irresponsibility that have been taking place. Fundamentally, there would have had to have been an adjustment. Now, if you had had a system of a continuation of a fixed exchange rate with the Government and the Reserve Bank meeting to fix the rate and trying to sustain the rate against those pressures, then it would have imposed an intolerable pressure upon monetary policy and would have meant that interest rates would have been right through the roof. So it is appropriate to have a deregulated exchange rate. It is a pity that to some extent there hasn't been a proper reading of what is happening in this country. There has been some sort of expectation that you are going to produce an instant budget. What they have got to understand is that the Government is going through the hard slogging process of reviewing expenditures, looking at revenues, to bring down a budget on budget night - the 19th of August - which will be the one that is right and necessary for the conduct of economic policy in this country. We have got the budget right in '83, '84, '85. We will get it right again in '86.

JOURNALIST: And that rumour about the retirement of Paul Keating yesterday was, in your words, a "complete bloody furphy"?

PM: A complete furphy. And never any basis for it at all. He is still an outstanding Treasurer and is still working ceaselessly to do the job which is necessary to get the right policy settings. As I say, we have got them right. We have shown the capacity in the past to adjust to changing economic circumstances. And we will do it again.

JOURNALIST: You said some harsh words this morning about Australian companies or management, particularly, being hopeless. Would you like to ...

PM: Let me put that in its general context. Of course, there are outstanding managements in this country who have done some marvellous things. The thing that rather annoys me is that you have spokesmen, so-called spokesmen, from national employer organisations like the CAI and so on, getting up and saying Australia can't compete, our cost structure is too high. Now, I am not saying that every element of our cost structure is right, but what I am saying is that those people are talking bloody nonsense. And it is about time they stopped talking their country down. Let them come along with me and go and see - as I did on Wednesday - this company operating in the highest area of technology, the most competitive in the world. And that Australian company with vigorous, imaginative management and a co-operative workforce is out there beating the pants off the rest of the world. Fifty per cent of the world's market for ~~for~~ ~~the~~ ~~same~~, a very substantial proportion of the market in America and in Europe and the rest of the world for pacemakers, heart pacemakers. Now, you can't be operating in a more competitive, tougher area, and they are doing it with the existing Australian cost structure. And they are out there winning. By 1990 that company will have half a billion dollars worth of sales with 90 per cent of them from exports. Now what I am saying is that we can do it. It doesn't mean that we should be complacent or that we should accept that every element of our existing cost structure is perfect, or every work practice is right, because they are not. But with what we have got, we can win. And it is about time that some of these people with their narrow, vested political perceptions, they should stop knocking Australia, they should recognise that we can and are winning. when we show the right management initiatives and when you get the co-operation of the workforce. If one company, two companies, three companies, if you have got one company - this one that I am talking about - that has got 150 million dollars worth of sales this year with 90 per cent exports, going out right there into the heart of the rest of the world, in America, and in Europe, and beating the rest of the world. Now if one company can do it in that area and have, as I say, by 1900, they expect to have half a billion dollars worth of sales, with 90 per cent of it into export, it can be done. And if the business leaders have some sense of commitment and loyalty to their own country they would be recognising what could be done what is being done, rather than getting up with their pacan of complaints.

JOURNALIST: You did seem to be referring to management techniques this morning. You said a lot of Australian companies should be taken over because the managements are bloody hopeless. That is pretty tough, isn't it?

PM: And it is pretty accurate too. This sort of story that goes around that there is something intrinsically undesirable about takeover is a nonsense. I won't name the company but there is a company in Australia at the moment which should have done - and it is not BHP because I don't want to give some suggestion that I am getting into that fight - a company which is subject to takeover speculation. Now, in my judgement it would be the best thing for Australia that could possibly happen if it was taken over because it has missed opportunities, it hasn't shown the imagination that it should have done. It could have done much more for competing with imports, it could have done much more to go out and win exports if it had imaginative management. Now, I go back because I have been there this week to visit this company, there are ordinary Australians got together a good team of management, putting a lot of money into research and development which is what you have got to do, taking advantage of government schemes which they recognise are amongst the most generous in the world that we have brought in to stimulate research and development. And they are saying now on the basis of the framework that the Government has created that we can go out and beat the rest of the world. And if, by getting new management in some of our companies you are going to get better performance then all Australians should have a vested interest in it.

JOURNALIST: What do you expect criticism of the money markets and manufacturers to achieve? It sounds a bit desperate doesn't it?

PM: Not desperate at all. I am simply responding to a situation where there is some suggestion that as far as internal Australian economic policy settings are concerned that there is something wrong, that that is creating an incapacity for Australians to perform and compete. And it is essential that that myth be disabled. It is not true. That doesn't mean that we can't improve and the Government will be constantly about the business of improving policy setting because I would be guilty of a very serious mistake if I just sat complacently back and said everything as far as Government decisions are right. They are not and we want to continue to improve them. But what I am trying to say is that the business spokesmen who try and impose upon the workers of this country the blame for what is happening and saying look it is the existing cost structure, the existing union attitudes that is the problems, are being miscreant in their duty because we have the lowest level of industrial disputation that we have had in this country for 20 years. We have the most competitive position that we have since the end of the 1960s and that is the official competitive index. So conditions are there and the get up and go companies are operating remarkably successfully within that environment. And the time has come when we have got to recognise that the world has made a judgement about what they are going to pay for our traditional exports - for our wool and our wheat and our meat and those sorts of things - which constitute such a high proportion of our traditional exports. Now we have got to recognise that,

PM cont: we have got to strengthen and diversify the rest of our economic base and that is what we are doing. And the message that I want Australian management to get is that their colleagues in various areas are showing that in those areas they can take on the rest of the world and beat them. Now, if they are prepared to show the same sort of imagination there are hundred I believe, and indeed literally thousands of Australian companies that can do the same thing. And if these companies that I have talked about are doing it in the most competitive, toughest, hi-tech area then it can be done in others. I am not slating Australian management generally, there are many of them who are very, very good. But what I am slating is this complacency, this preparedness to blame others - the workers and so on, or government - and say it is all too hard. It is not all too hard. If we are prepared to work and work together we can take on and beat the rest of the world and that is what I am talking about.

JOURNALIST: ... inaudible question ...

PM: It is not the Government's fault. We have all got to accept some responsibility for the 'lucky country' syndrome. I have tried to say before that if you look at the whole of the post-war period in this country, we have had it lucky. Immediately after the war the rest of the world, the devastated war-torn world, wanted our wheat and our wool and those sort of products and were prepared to pay the world for them. Then as the prices came down there, we had our first mineral boom, and so we were carried on through that. Then we had a second minerals boom. But all those lucky country syndrome effects are over. And we have got to understand that they are over. We are not going to have some bonanza suddenly appear out of there. The cargo cult mentality. It is gone. What we have got to do is by our own efforts, diversity, strengthen, our economy. And that is what we are doing. It is happening. The capacity is out there. If you get the right management, you will get the co-operation of the workforce. We have got the incentives there, of assistance to enterprise to perform. We have got to recognise that that is the new game, the new ballgame that we are in. And if we play it hard and play it co-operatively, we will win.

JOURNALIST: ... Commonwealth for the local tax increases?

PM: Mr Gray is again being consistent. Consistently untruthful. He said, he has talked about cuts of a 150 million. He is wrong. He knows he is lying. I just wish he would stop it. The facts are that in the last 2 years we have given 62 million dollars extra, beyond and above what was required by the independent Commonwealth Grants Commission. He has talked about cutting 150 million, we haven't. We have given 62 million beyond what was required. What is happening to Tasmania at the moment is that Mr Gray in his last budget, he knew he had an election coming up, he had a three per cent real increase in expenditures. He went on a vote buying budget. Irresponsibly. And now he is making Tasmanians pay. We have gone beyond - 62 million - what was necessary. And I did it deliberately because I didn't want to hurt the people of Tasmania. I didn't want to say, as the Grants Commission said, well that is all they should get. I have tried to ease the transition burden. They are still getting - Tasmanians are still getting the highest per capita

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PM cont: revenue from the Commonwealth of any State. And that is in part because I .. deliberately was not going to allow them to be hurt as a result of the straight implementation of that independent Commonwealth Grants Commission. But let me say this, that the one danger that the people of Tasmania have in regard to the questions of relations with Commonwealth is the incapacity of their Premier to speak truthfully, to deal truthfully.

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