



PRIME MINISTER

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JOURNALIST: Mr Hawke, did it take some quick talking to make sure that Senator Walsh remained in Cabinet?

PM: It wasn't a matter of quick talking. I can be quite straightforward about what happened. Peter Walsh has had an extraordinarily difficult portfolio. Being Minister for Finance at a period when you're cutting billions of dollars in outlays is a very very unrewarding, politically unrewarding business. He's been under a lot of pressure and he just straightforwardly spoke to me and said it was getting him down and of course added to that was the fact that he comes from West Australia, that has imposed another strain. He raised the question with me as to whether he could go on. So I had a talk with him and I pointed out that I understood what a terribly difficult position it is. Because it's always very hard for a Minister ... no, no, no. It's a lot of things which intrinsically are worthwhile, but taken in the overall scheme of things you've got to say no too. The Minister for Finance is the focal point of everyone's bitterness when they can't get things or have things taken off them. So it's been a difficult time and we had a very straightforward talk about it and I said how much I appreciated a) the work he'd been doing and b) the strain under which he'd been operating. I asked him to consider that position and I'm very pleased to say Peter said, alright then I'll stay on.

JOURNALIST: ... easy to relieve that kind of pressure that he's been feeling?

PM: Not in the immediate sense. He'll be associated with the preparation of the April statement, but I hope that after the April statement has been completed that Peter will have the opportunity of getting a bit of a break because he really deserves it.

JOURNALIST: Some of the senior Government Ministers seem to have been a little bit concerned about general direction of the Government. Are you happy with it at the moment, the long term direction?

PM: I'm very happy with the long term direction. We've got difficulties that we've got to deal with like the external position. That's why we're doing what no Prime Minister likes doing, I'm running a tight monetary policy with high interest rates. I hate having to do that and any Prime Minister in his right mind would hate doing it. But it's

PM (cont): necessary because we can't keep that high a level of activity going which is going to keep sucking in so many imports because we've got this external deficit problem. But we're on track. Look at what we're doing in the area of employment. Still high employment growth - 1.3 million jobs, 4% employment growth in this last year, four times as fast as our predecessors, twice as fast as the rest of the world. Those things have been done and our microeconomic reform is on track. The very difficult area is the waterfront, the maritime industry, but we'll have significant progress made on that during this year. So I think, as I've said before, just about any other country in the world would give their eye teeth to be in Australia's position. We have enormous advantages, our prospects are great, but we've got to recognise as a nation that we can't have everything all at once.

JOURNALIST: Well what can we have with the runway? Will you be making a decision tomorrow?

PM: That'll be before Cabinet tomorrow.

JOURNALIST: Has apparent indecision over the runway and Wesley Vale hurt the Government at all?

PM: Let's take them in order. Wesley Vale, where we've made the decision, the agreement with the State Government which is accepted and understood is that they would deal with it at their level, they would negotiate. My Minister made, throughout the process, indications of the sorts of things that needed to be taken into account but the actual agreement was that they had to negotiate with the State Government. When the State Government had made its decision we would then pick it up. Obviously it was a difficult decision. You would like to have the big investment, the new mill which would help in substituting imports for local production and also adding to our exports. But, as I've made it clear and I make clear again, as long as I'm Prime Minister we're not going to have development at any price. I was not going to accept a situation where as it stood you were going to be each day pumping 13 tonnes of chlorides into the ocean. You can't do that. It wasn't a difficult decision in the end. As far as the runway is concerned, let me make it clear that this decision has been around for a long time, governments before ours, the Fraser-Howard government had seven years, they dodged it. We started dealing with it by making the decision to acquire land at Badgery's Creek because whatever the decision is, third runway or not, there will have to be an airport built at Badgerys. So we made the hard decision to identify a site and now we'll be making a decision tomorrow as to whether there's a third runway or not at Kingsford Smith. It's not an easy decision. I've got to face up to the fact that there are some tough politics in it. There are some tough politics, a whole range of considerations, but we won't dodge them, we'll make the decision that on balance is the right one.

JOURNALIST: With the third runway, will you look at compensating the residents affected by noise?

PM: I don't want to get into a hypothetical of what we'll do if. Let's face that decision if it has to be faced after we make a decision in the Cabinet tomorrow.

JOURNALIST: Will you definitely make a decision because you have postponed it quite ...

PM: I would think the decision will be made tomorrow.

JOURNALIST: Mr Hawke, do you worry that Mr Punch has been damaged by the airport issue?

PM: I don't think he has been damaged but the decision will be made on the merits. It won't be on the basis of one individual.

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