



PRIME MINISTER

TRANSCRIPT OF UNEDITED INTERVIEW WITH TOM O'BYRNE, TAS TV,
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E & O E - PROOF ONLY

O'BYRNE: Well Mr Hawke, you've ruled out an election this year. Have you ruled that election out simply because of the vote of cynicism about this wage and tax package?

PM: Voted it out for the very simple reason that it's not due in any sense. The fact of the matter is that it was a year ago that I promised the people of Australia, Tom, that there would be tax cuts from July 1, 1989, provided that there'd been wage restraint in 88/89 and that we got agreement for wage restraint into 89/90. Now the wage restraint has been exercised by Australians to their great credit. We've got an agreement for similar restraint for next year so what I'm doing is delivering a promise I made twelve months ago. That's why we've got the tax cuts now, it had nothing to do with an election. The situation would have been of course, Tom, if I hadn't now delivered the tax cuts people would say 'Mr Hawke you promised them, you've broken your promise'. I'm delivering the promise. There's only one person that's introduced the question of an early election and that's John Howard. Of course he's just trying to divert attention from the substance of what we've delivered.

O'BYRNE: But do you recognise that there is still deep vote of cynicism out in the community?

PM: I don't think it's cynicism. I think that the voters feel that they're having a pretty tough time and in some respects they are because of high interest rates. I don't avoid that fact. But I understand that when the tax cuts go into the pockets as they will from July 1, with the delivery of the benefits in regard to children and other family allowances, like the dependent spouse rebate, that they will appreciate the benefit of what we've done and particularly, Tom, they will appreciate the fact that this is being delivered in a way which is non inflationary, which is going to stop a wages outburst and that's good for the country. Both Paul Keating and I know that what we're doing is creating the situation within which, as time goes on, we will be able to see falling interest rates. It would be irresponsible to bring them down now.

O'BYRNE: Well, housing prices aren't as bad in Tasmania as they are in Melbourne and Sydney, but still interest rates are at 16 percent. When do you believe they can start trending downwards?

PM: Well I've said, Tom, before the end of this year. I don't make any immediate forecasts about what's going to happen today and tomorrow, because I've always resisted doing that, because if a Prime Minister says something about those sort of things it can affect the market of itself. But we need high interest rates at the moment now. I mean, I don't want them high, no politician in his right mind wants them high for a moment longer than necessary. But we've got to have them high now because we've got to reduce somewhat the height of economic activity. It's got to come back a bit so that we don't suck in so many imports.

O'BYRNE: Well how long do we need them that high?

PM: Well, that's going to depend upon how soon we see the evidence of some cooling off of the economy. I wonder, Tom, whether I could make the point, with your indulgence through this program, to your viewers to say that the way in which they can involve themselves in doing the best for the Australian economy is, now that these tax cuts, family allowances are coming through to the extent that they're saved and that they are spent, I would hope that they would hope that they would always try and spend them on the Australian made product if it's possible because what we've got to try and do, as I say, is to cut down on this high level of imports which is causing the problem.

O'BYRNE: The Treasurer, in his statement, also mentioned that part of the burden would have to be borne by States, no doubt that's the Premiers Conference next month. Where in fact will those cuts take place?

PM: Well, as to what within States they do, that's a matter for States but let me make this point. That the reason why the States have to play their part is that the whole package that we've brought in has got the two purposes. One of course is to give to people, Tom, the benefits that they need and deserve, but also it's done in a way which is going to reduce the level of wage increases. The States are going to benefit from that overall package that we've brought in to the extent that we lower the level of wage increases that we will, then the States get the benefit and they've got to play their part in it. But, as always, Tasmania will be looked at sympathetically as far as we're concerned. I notice, if I may say so Tom, that we're getting recently down there the sort of outburst we get from some Tasmanians at times, they don't understand the meaning of accuracy and the suggestion that in some of the things that we do in

(PM cont): regards to our own capital outlays that we're not giving Tasmania its share. Now I'd just like to make the point on that Tom, that neither under this Government or under any previous Government, has Commonwealth own purposes, capital outlays, been regarded, nor should it be regarded, as a form of State assistance. Any Commonwealth Government has to make its decisions about its capital outlays in terms of what the needs and the priorities are. The fact is, of course, that with the, generally speaking, with the concentration of the population elsewhere that that's where most of the work will be done. It's not done on a political basis. Let me make it clear. For instance in this year, on a per capita basis, the largest Commonwealth own purpose capital outlays will be in the non-Labor State of New South Wales. I mean, that's the way it is.

O'BYRNE: Well, some conservative governments, and particularly the Tasmanian Government in the past, has said that while the Federal Government takes the knife to the State Governments, they're not prepared to take the knife to their own Commonwealth spending.

PM: Well, of course, that's absolutely untrue. The fact is that there has been a real reduction in Commonwealth outlays for the last three years. That's never happened before and that's what I've done with my colleagues. The last three years, and for the next one coming up, there will be a real reduction in Commonwealth outlays. It is the States that have been more profligate. The fact is that in terms of the public sector borrowing requirement we've got ours in a position where it's a considerable minus. We've cut right back. The States are above, it's only our surplus in this regard which has brought the public sector borrowing requirement to zero. Now, it is just another furphy that's put around by rather desperate conservative ministers like, I understand, and I regard it as remarkable, I hear that just recently down there some people in the Tasmanian Government have been saying that we've knocked off the commitment that I made before to Launceston to have the air traffic services staff facility put in at Launceston. We've done that. I did that, may I say, against a lot of opposition because there was a lot of pressure upon me to put that on the mainland. They've said there were the arguments were better to have it here in Canberra and I said 'no, I believe that where we can, we've got to help Tasmania'. I've done that and what gratitude do I get for it from those in the Tasmanian Government? They seek to lie to the Tasmanian people and say I've taken that back.

O'BRYNE: Well if we could just get back to the State reductions that the Treasurer was talking about a couple of days ago.

PM: Yes.

O'BYRNE: If the Commonwealth goes ahead with those reductions to the States and the States, particularly Tasmania then imposes increased taxes and charges on the community, isn't that simply shifting the blame?

PM: It's not a question of shifting the blame. What that question implies, Tom, is that there's no responsibility on State governments to exercise restraint, but all they can ever do is put up charges. Now, we've had to do it. I mean, when I came to office in '83 we had a deficit of the best part of \$10 billion staring us in the face. Now I've turned that around into surplus and we've done that in large measure because we've cut back on programs, reassessed priorities and as far as taxation is concerned, successively reduced taxation. When we came in the top rate that we inherited from the conservatives was 60 cents and a bottom rate of 30. Now I've brought that down, the tops to 49, will be 47 from next January and the bottom rate from 30 down to 21. So we've reduced taxation, we've broadened a base so that those who, under conservative governments, weren't paying their tax now pay it. Now the Tasmanian Government can't avoid the responsibility of being decent managers. They are bad economic managers and they can't dodge that conclusion.

O'BYRNE: So over the past four or five years you still believe that the Tasmanian Government, the State Liberal Government, hasn't shouldered its national responsibility?

PM: It hasn't. What Mr Gray does is just bleat. Bleats all the time and it's no accident that he has, in many respects, the worst economic statistics of any State. It's because he's an incompetent manager and you can't, no State can do that. I mean, we've set an example, we've reduced taxes and reduced them considerably from the conservative levels, we've looked at our own programs and where they can be amended they have been and we've got things going. Mr Gray just bleats and he's got to do better than that.

O'BYRNE: Well, an issue still of great moment here in Tasmania is talk of a pulp mill in Tasmania.

PM: Yes.

O'BYRNE: It's now switched from one pulp mill to two smaller mills. What would you prefer to see in Australia and particularly in Tasmania, one large project or smaller downstream processing -

PM: It's not a question of one large one or two smaller ones. Our position is quite simply this. I make the points in succession. Firstly we do want to see in Australia, Tom,

(PM cont): a situation where there is processing of our raw material because that is good for Australia. It's good in employment terms, it's good in balance of payment terms. So we want to see that. But secondly, you can't make generalisation about, for instance, pulp mills. In regard to the proposal that was put up, there was no way that I with my colleagues, finally studied the environmental implications of the Wesley Vale proposal, that that could go ahead in that form. We were not going to tolerate the pumping into the ocean there each day of 13 tonnes of these organic chlorines. Now that wasn't on. Now, if in fact, proposals can be put up whether it's for one large one or two smaller ones, which satisfy Tasmanians as well as the rest of Australia but particularly Tasmanians concerned about these environmental issues, then from our point of view, it will get our support. But I mean I was down there in Tasmania, as you know Tom, in the weeks before we finally made that decision. Now I was very much impressed by the broad range of concerns. It wasn't just a few environmental frenetics, if you like, I had representatives of farming organisations and so on. So I undertook that right across the spectrum there was a concern, a legitimate concern about these things and we share them. So the answer to your question is we want to see processing of our products but I'm not going to see mills or any other processes established in this country while I'm Prime Minister at any price because we've got a responsibility to this and to future generations.

O'BYRNE: Right Premier - I'm sorry, that was a Freudian slip -

PM: That's alright.

O'BYRNE: Just a few -

PM: Robin wouldn't mind swapping I think.

O'BYRNE: A few final, brief questions.

PM: Yes.

O'BYRNE: Bruce Lloyd has ruled out resigning today. Does that disunity in the coalition ranks surprise you?

PM: No it doesn't. I say that for these reasons. The National Party of course are frauds. They parade as part of the coalition which is concerned with free enterprise, but they are not. They are agrarian socialists. They want to in fact have the rest of the community totally propping them up with subsidy and with regulation which, according to their mistaken idea, will be better for farmers. Fortunately farmers have come to realise that that's a bad bet supporting them because what we are proposing will mean

(PM cont): very, very considerable savings for the wheat farmers in this country. It will be more money into the pockets of wheat farmers. Now you have those frauds there and you have the Liberals who are the ones who are supposed to be the deregulators know that what we've suggested is right. They've got no doubt. I mean they don't argue that what we're saying is right, they've got to try and keep alive this shotgun wedding that they have with these agrarian frauds. Now there - it's no surprise to me - is my answer to your question.

O'BYRNE: And on to one final question Prime Minister and a more personal question.

PM: Yes.

O'BYRNE: The nation has seen the first photographs of your wife's facelift.

PM: Yes.

O'BYRNE: At a personal level, what do you think of the facelift?

PM: Well, let me say this. I thought before that she looked beautiful. I didn't feel that she needed it, but once Hazel felt that she wanted it, that was the beginning and the end of it for me because she has an entitlement to do what she feels is required. Now having said that, let me say that the result is beautiful.

O'BYRNE: And do you think she's changed in any way?

PM: She looks even more beautiful and even younger than she did before.

O'BYRNE: Thanks very much Mr Hawke.

PM: Thank you very much Tom.

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