



## PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, OPERA HOUSE - 26 MAY 1989

E & O E - PROOF ONLY

JOURNALIST: Another late flight I believe. I'm just wondering what your thoughts are on the state of our airlines and why you've bought into the air traffic controllers' dispute at the moment.

PM: I'm not prepared to allow this haemorrhaging of our airline system to continue and they need to understand that we are just not going to stand idly by and allow it to go on. So the CAA will be prepared to process those provisions in the Award which allow punitive action and I have with Mr Willis commissioned a group of three to advise us urgently on what is the range of measures available to us to deal with this situation. It is a nonsense that's going on, they need to understand that they are not going to blackmail this Government through pressure on the public to give them massive wage increases and particularly in a situation where we are accelerating our programs to upgrade the radar and other relevant facilities at our airports. If they think they are going to break the Australian economy by having a wages breakout by imposing this sort of pressure then they've got another thing coming. If it's necessary the system will be closed. That's not what we want. We want sensible co-operation. There is a process within the Arbitration Commission whereby there can be a restructuring of the Award in accordance with the general principles that can be accelerated so that their conditions under the restructuring process are properly accommodated. But they are not going to get special treatment and they are not going to blackmail this Government.

JOURNALIST: The airline bosses, they've expressed their concern, Sir Peter Abeles was talking about the lack of services ... airports. Has he made representations to you about the air traffic controllers?

PM: The representations are being made by the airline industry generally to my Government.

JOURNALIST: Home loan interest rates now -

PM: I've got no comment to make on interest rates, to say anything other than I said in the Parliament and that is that - and I said it as recently as yesterday in the Parliament - and that is that no Government in its right mind has interest rates higher for a moment longer than is necessary. It's not politically popular to have high interest rates but I say to the people of Australia that what we've got is an economy which is just running very, very strongly and we are sucking in too high a level of imports and this and future generations in Australia will pay a very, very high price if we're not prepared to slow down activity. Therefore it's necessary in all our best interests, immediate and longer term, to bring back that level of activity somewhat and the level of interest rates that are currently operating are necessary to achieve that.

JOURNALIST: We're seeing the Westpac Bank today put it up to 17%, a full one per cent. Is that increase justified?

PM: I'm not making any comments about particular interest rates. The situation is, as I say, that monetary policy has to be tight. We can't keep the current level of activity.

JOURNALIST: (inaudible)

PM: I'm not adding anything, I'm not saying anything more about interest rates so don't waste your time and mine by asking any more questions about it.

JOURNALIST: Did the Government act too slowly and -

PM: I've got nothing to add on the area which impinges upon interest rate policy because any more statements could be counterproductive and I don't intend to make any more.

JOURNALIST: What time limit are you giving the air traffic controllers?

PM: It's not a question of time. We're initiating the action now, I hope they can see that we're serious about this and that we're not going to tolerate a continuation of this absurd situation where it's disguised industrial action. They have a pattern of the taking of sick leave which is an absurdity, including people taking sick leave, coming back and doing some extra hours and then going off again and suffering no loss but causing enormous interference and sabotage to the system. It's not going to be tolerated.

JOURNALIST: (inaudible)

PM: Look I'm not saying anything more about banks so don't waste your time and mine.

JOURNALIST: Some economists, ... the Opposition, are saying that a further tightening of policy though may send the country into recession.

PM: No-one takes any notice of the Opposition in the area of economic policy. They had their chance, they were there for seven years and because they had no wages policy which allowed a breakout of wages in the order of an increase of 16 or 17%, they did what had never been done before. I mean they are unique, they achieved in that period before we came to office, simultaneous double-digit unemployment ... an additional quarter of a million people going on to the unemployment scrapheap in the last 12 months of office. So they have no credentials to talk about economic management. We have wages policy very tight through the co-operation of the trade union movement, we have fiscal policy tighter than it's ever been, we've had now a second year of budget surplus, three years in a row of reduced real Commonwealth outlays. These are achievements which have been unmatched in 35 years of the keeping of comparable records. We've now got an economy which is running too strongly and we've got to haul it back in. We don't need any advice from the Opposition, they have their criticism but the interesting thing is that they have no policies. The distinguishing characteristic of the Opposition on economics at the moment is a total absence of policy which is not surprising.

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