



PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, LAKESIDE HOTEL, 7 AUGUST 1989

E & O E - PROOF ONLY

JOURNALIST: What is your reaction to David Lange's demise?

PM: Well, I'm sorry that David felt it necessary to make that decision. I had some indication that it might be happening. I think it's an altruistic decision and I think that David Lange's made the decision, he's come to the conclusion that the interests of the Government and of his Party, are more likely to be advanced if he made the decision that he did. I think it's an entirely altruistic decision. Let me say, that it's a matter of record that David and I have had some policy differences, most particularly, of course, in regard to the decision I've taken in regard to the visits of nuclear ships from the United States. We've agreed to differ on that. But let me say this, that I've had a lot of work together with David Lange at three levels - there's the bilateral level, there's the regional level and the broader international level. I pay an unqualified tribute to the way in which, in those areas, putting the other policy differences aside to which I have referred, in those areas David Lange has always been constructive, supportive. I'm sure that the economic relationship between New Zealand and Australia has been significantly advanced as a result of the way that the two of us working together have accelerated the Closer Economic Relations framework. In the South Pacific he has always supported our initiative, we've worked together well there and in the broader Commonwealth area I make the same comment. So, in total, I've lost a good working partner in all those areas and, putting aside the basic areas of difference that we had, he has been a constructive working partner across the Tasman.

JOURNALIST: What was the forward warning you were given?

PM: Well, that's a matter between David and myself.

JOURNALIST: Anzus?

PM: That's a matter for New Zealand. At all times we've made quite clear to the New Zealand Government what our views are on this, but in the end we've said to them, as we've said to the United States, these things are a matter for decision by the Government of New Zealand. Now whether

PM (cont): the resignation of David Lange will make any difference, I can't say. That's a matter for New Zealand.

JOURNALIST: Prime Minister, are you concerned that you might have sent out the wrong signals on another round of tax cuts in a time when the Government's still trying to get us to tighten our belts?

PM: I never send out wrong signals. What often happens is that people get wrong interpretations of quite clear and unequivocal things that I say and I can't be responsible for that. Let me make it quite clear. I was asked a question yesterday about the possibilities of what might happen in the area of taxes, particularly viz a viz wages. I said no more and no less, as the transcript quite unequivocally shows, that that was a theoretical possibility. Let me remind you of what's happened. As we came up to prepare for the situation in 89/90, we had discussions with the ACTU earlier in 89 and we arrived at a decision which was economically responsible. That is where we had a projected wages outcome which was related to the decision we were going to make in regard to taxes. The significant surplus of the year 89/90, the year that we're now in, has been involved in that decision. Now all I have said is that as we come up to think about what we will do for 1990/91 then that question could be on the table. I said quite clearly, the transcript shows it quite clearly, I said now that's a possibility but I said we will make the decisions which are economically responsible. Of course, in making that decision, our concerns about how the current account is going, will be pre-eminent in our considerations. So my statement, quite clear and logically unexceptional.

JOURNALIST: Have you had a talk with Mr Keating about these ...?

PM: Mr Keating has had to go to Sydney. He's had a funeral he's had to attend there. But I can assure you that the position between the Treasurer and myself is as it has been for a long time. One of cordiality, of at oneness on our commitment to make sure that we make the right economic decisions for the future welfare of this country. We have been working extraordinarily closely together. Our relationship, as I think you will find if you ask him, our relationship has never been closer and more productive than it is now. It's a bit of a beat-up that I've noticed in at least one paper today and it will make no difference to that.

JOURNALIST: ... in the last 24 hours?

PM: Not in the last 24 hours.

JOURNALIST: Are workers going to be happy with a 6.5% national wage hearing that's going to be boosting income between \$10 and \$15 and will they want more?

PM: You're referring to the decision that's just been announced are you? I haven't seen the decision yet so I'd prefer to have a look at the decision before I make any comment if you don't mind.

JOURNALIST: Isn't there a danger in raising just a possibility of ... tax cuts next year that you're raising expectations ...?

PM: No. You see the only danger I have is that people like yourselves will try and read much more into a clear, simple, unequivocal statement than that will bear and carry. We live in a society where people like yourselves will do your best to beat something up and make it a beast to carry more than it's entitled or able to carry. I suggest that you read very carefully what I said yesterday. It was clear. Put down the hypothetical possibility that as we come to the end of this financial year and look to the future that that is something that could be on the table. But there is nothing more to be done in '89-90 out of what will be the considerable surplus for this year. Because that's already been done.

JOURNALIST: If it's not a serious option Mr Hawke why raise it?

PM: I'm a very polite person as you would've known from your long association with me. If I get asked a question from anyone, including yourself, I take it at its face value. I look at it and I analyse it logically and say well these are possibilities. So I discharge my responsibility of being polite, cooperative, analytical, constructive to you. I suggest that you should reciprocate and be precisely the same in analysing what I say.

JOURNALIST: A new New Zealand Prime Minister. Will it affect the relationship between the two countries?

PM: If we don't say that it must have some effect then we'd deny the influence of personality. I'll be the last person to deny that. Because I think it would make a hell of a difference to the welfare of this country if I weren't Prime Minister. Now of course a change in leadership will make a difference. But let me say this. It's assumed - they haven't made the decision yet have they - it's assumed I think that Geoffrey Palmer would succeed Mr Lange. I know Geoffrey Palmer well. I've had the opportunity of meeting with him, not only privately but in a number of matters where we've been engaged in policy-making decisions. I have a very high regard for Geoffrey Palmer both as a personality, in terms of his capacity, he's a very able, hard working, dedicated man. I know that his attitude towards Australia is very positive and constructive. So

PM (cont): assuming that he is going to be the Prime Minister, and I think that would be the decision, I can look forward to working very effectively and well with Geoffrey.

JOURNALIST: Any concerns about the frigates?

PM: They will make their decision about this. I don't think that the departure of David Lange from the Prime Ministership will affect that decision. I merely express the hope that I have before and that is that New Zealand will see that it is an appropriate decision in the interests of New Zealand and in the interests of Australian-New Zealand relations and of the region that they should be associated with the project. I trust that that's the decision they'll make.

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