



PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, HMAS DARWIN, DARWIN
9 AUGUST 1989

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JOURNALIST: Have you got any indication at all from Mr Palmer that he may back down on the frigates or may ...?

PM: ... I had a talk with him yesterday morning. He rang me and I congratulated him on his appointment. I took the first opportunity of reminding him of the importance of New Zealand becoming part of the deal. So he's aware of the position. He was before. I've reinforced that position with him.

JOURNALIST: So it's just a matter of re-emphasising what you've already said?

PM: Well, I couldn't make the decision for them. All I can do is tell them how important we regard it and that a decision not to be involved would, in my judgement, have harmful effects upon the relationship.

JOURNALIST: Are you in awe of the power at your disposal and under what circumstances do you imagine you'd use it?

PM: Well, no, I don't tend to get awestruck. I am the head of a government which probably as much as any government in the world has committed itself to pursuing the processes of achieving peace and disarmament. As we have understood, and we continue to understand, if you're going to be in a position to do that effectively those around you must know of your commitment to ensuring the defence of your own country. We've done that. And it is a defence position. There is nothing offensive about this. There'll be no intention on the part of my Government to use what is a very considerable power that we have in any aggressive way. So what we are doing at the same time as maintaining our capacity is doing everything we can to create a peaceful environment.

JOURNALIST: Prime Minister, are you looking perhaps at increasing naval strength in the north ... north of Australia ... defence playing such a vital role these days?

PM: Well, we have our forward planning which is based upon the white paper that Minister Beazley conceived and so brilliantly presented. And, as you know, we are about the process now of undertaking two significant programs that will enhance our naval capacity. One is the submarine program and secondly of course the frigate program that's already been referred to. Together with the conceptual development of the move of a significant part of our capacity to the west coast of Australia. So all these things will mean that we are going to have an enhanced, more strategically relevant naval capacity.

JOURNALIST: If there was to be though a third major base, would that be likely to be based somewhere in the north, like Darwin?

PM: That's hypothetical and I'm not going to that.

JOURNALIST: Did Mr Palmer give any indication of when New Zealand will be making a decision on the frigates?

PM: No, other than he gave me the impression that it wouldn't be too far into the future. But there was no specific date.

JOURNALIST: Are you confident the Australian Defence Force after Kangaroo 89 can defend Australia?

PM: Yes.

JOURNALIST: What about the AEWAC aircraft? How close are we to perhaps looking at purchase of those?

PM: As I said this morning, we won't be purchasing the sort of aircraft that I went up in today. When you're talking about them you're talking about something like a cool quarter of a billion dollars. We haven't got quarters of billions of dollars to throw around for that sort of capacity which in a sense is more sophisticated than we need. It's more relevant to a European-North Atlantic type of situation. We will be watching the sorts of developments that are taking place in a number of countries which may lead to the evolution of a significantly cheaper aircraft with a capacity which is relevant to our requirements.

JOURNALIST: Could you be a little bit more specific about how a decision by New Zealand not to join the program could affect the relationship. What sort of thing...?

PM: I don't think you need to be very much more specific other than to make the obvious point. That New Zealand ... make a decision that it's not going to join in an acquisition program which would enhance the capacity for interoperability of our naval forces. It must have an adverse effect on the relationship.

JOURNALIST: ... Closer Economic Relationship. Mr Beazley has previously said that you wouldn't use the -

PM: The CER has its own momentum. I think this is an attitudinal thing. It's nothing esoteric. I don't know why one has to spend more than 30 seconds upon this stating the obvious. If a country with which we have gone out of our way in the period since they effectively severed their ANZUS relationship - we've gone out of our way to increase defence cooperation with them - it seems obvious that if in regard to a project like this which is very relevant to our capacity to project our naval forces in the region, if they're not going to be part of that then it must obviously have an adverse effect on the relationship. As I say, it's that damned obvious that I don't intend to take another second talking about it.

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