



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH ALAN JONES, RADIO 2UE,

9 OCTOBER 1989

E & O E - PROOF ONLY

JONES: My special guest in the studio, nice and early, pristine in the white shirt too, the Prime Minister. Good morning.

PM: how are you?

JONES: No, mine's not white.

PM: Isn't it? What colour is it?

JONES: I don't know, but it's not white.

PM: Alright.

JONES: Have you backed a winner in the weekend?

PM: Yes, but backed more losers.

JONES: Well, we better start with the Melbourne Cup tip before we get any further.

PM: Well, Almaarad's the class horse in the field.

JONES: Almaarad.

PM: But it's too early. I never make my selections for the Melbourne Cup till a couple of days beforehand, you know that.

JONES: Is that owned by an Egyptian or something?

PM: Now, now, don't be racist.

JONES: I'm not, they just seem to have all the money to get the best horses. Before we go this morning and get on to this business, can I just play you a little extract of a call that we had earlier this morning?

PM: Yes.

JONES: Because a lot of the people are ringing up about what should be said and this was one piece of advice about our interview this morning that one of the callers gave --

CALLER: What I'd like you to do is, when you do direct the question to the Prime Minister, would you ask him please not to give us a bloody history lesson?

JONES: Yes.

CALLER: Every question, you know, a classic, go back a few months you spoke to him. You said to him 'what are you going to do about those people that are suffering because of the pilots' problem'. He turned and give us a history lesson what he'd done. Your question was 'what are you going to do?'.

JONES: There you are. So can we keep those guidelines in place, perhaps?

PM: Sure, sure, sure.

JONES: OK. Just take the pilots' dispute if we might.

PM: Yes.

JONES: The pilots now having rejected at the beginning the whole notion of Industrial Relations Commission and six percent, now seem to have virtually said 'well, if the Commission will save us, we'll be saved'.

PM: Well, they said it at the beginning, as you say, yes, the guidelines - they knew enough about the guidelines to say they wouldn't have a bar of them. Now they say 'now we've found out what the guidelines are, we might be in there'. The fact is, Alan, that the airlines are just building up their employees and if the members of the Federation want to be in that, they can apply to the airlines to join and there'll be an opportunity for work for them. Now whether the Commission makes them part of the award making process is a matter for the Commission, mate.

JONES: Doesn't this mean at the end of the day really, to look at it realistically, that there are going to be 200 fewer pilots?

PM: Many more less than that, mate.

JONES: Yes.

PM: Many more less than that.

JONES: So this bloke has induced everyone to resign, they'll have no job to turn to and no redundancy package as a result of the fact that he asked them to resign?

PM: You were talking about racing before. I said he's delivered the greatest trifecta in industrial relations history. He's cost them their jobs, their seniority and their redundancies. I don't think there could have been, in the history of industrial relations in this country, a worse delivery by a union or employer leadership than is the case here.

JONES: The interesting issue in all of this, of course, is that you're belted around the head, as are all your predecessors, because in fact you've not been tough enough with recalcitrant unions. You've certainly been very tough and I have supported that stand here. What my callers are now saying is 'what are you going to do about the waterfront where it seems that the problem there is completely out of hand. Are you going to be as tough with the Waterside Workers' Federation as with the Pilots' Federation?'

PM: Well, just let me say three things about that. Without going into history, let me make this point which you're aware of, that when we came to office in '83 for 31 of the previous 34 years the other mob had been in office. So we came into a situation where the culture and the tradition of the waterfront and everywhere else had been formed under the conservatives, they've done nothing. What we have done is to set up this tripartite group. They've given us a report, the employers, the users -

JONES: Which is a disastrous -

PM: Well, at least it's a start and what Willis said in June is that if they don't face up to the major issues, then we will be prepared to consider the withdrawal of financial assistance to the industry on the waterfront and to take direct action. I think there will be advances out of this. If they don't do it cooperatively we'll have to look at doing it more directly.

JONES: See, it seems to me Prime Minister, this is much worse - I mean, I've got a table here which you can actually see - but this is much worse than the Pilots' Federation because here we have average delays per ship coming into Sydney Harbour of 70.3 hours. One of these vehicles, this was in August, was delayed by 110 hours, another one by 109, another one by 131, another one of 84. The cost to this country is enormous of that, isn't it?

PM: Yes, the inefficiencies of the waterfront are unacceptably high. That's why we're taking this first step of trying to get the parties together and say 'now look, agree on improvements, agree on getting rid of the older labour, get rid of people who are not the most efficient you can have there, see if we can get an agreed wage through between the employers and the trade unions and the waterfront authorities and if you can't do it that way then

(PM cont): we will have to act more directly'. But, Alan, you know that in this area that if you just tried to impose some solution immediately from above it wouldn't work. So we're going to try and do it via consultation -

JONES: But you have done pilots' dispute and it has worked.

PM: Well, what we've done in the pilots' dispute is to say, leave it to the employers and those who want to work with them -

(crashing sound and giggles)

JONES: That's part of the world of the media, Prime Minister.

PM: Part of the world of the media. It's just like Bourke Street on a busy day isn't it?

JONES: Yes it is, it is. But, see, part of this report that's been brought out talks about a redundancy package of \$160,000. Now, there's no way in the world you'd allow that to proceed, would you?

PM: Well, you've got to get, the heart of the thing is that what is being said is that the age of workforce is such that you need to get rid of a lot of these people who are Now, to get rid of people there you've got to have some sort of redundancy arrangement to get rid of them. In the end, the calculations are that you'll get a very significant improvement in productivity on the waterfront if you get rid of the older people, bring in newer people and also get the concept of rather than pooled employment, but of individual employer/employee relationship. For God's sake, Alan, give us credit for being the first Government in 35 years to do something about it.

JONES: Yes, I think that you've set a precedent for yourself though haven't you? You've acted responsibly and tough with a recalcitrant Pilots' Federation. Now this seems to be the most damaging other issue in relation to the economy and our export capacity and credibility.

PM: But here I mean, in the case of the pilots, what we're doing there is to resist a wages claim which, as you've been good enough to acknowledge right through, would have busted the economy. It's not a question of wages claim here, it's a question of practices. Now in the pilots case, of course, as again you've recognised, as a result of resisting an unacceptably high wages claim we are getting tremendous productivity improvements in the airline operating industry. In this case, there is no suggestion of unrealistically high wages, it's tackling -

JONES: But they're getting \$800 a week on average for about 27 hours, the waterside workers. \$800 a week on average for 27 hours?

PM: But, what I'm saying -

JONES: That nick off schemes?

PM: Look, what I'm saying in regard to wages system which operates there and the wages outcome, they have been negotiated within the system. Now, what hasn't operated in a way which is useful to the Australian economy is the range of practices which has produced in Australia an unacceptably high level of delays and lack of productivity in the waterfront industry. That's what we've got to deal with, but there's no suggestion there that the waterfront employers and the waterfront workers are now trying to break the wages guideline system. It's a different and more long-seated problem which has been allowed to grow up in this country over the whole of the post war period. What I'm saying is that at least now, give us credit for the fact that after these 31 years of the other mob making it worse, and worse, and worse, we're the first Government now to tackle it. I can assure you that under this Government, there will be improvements.

JONES: OK, just go back, one final question on the airline industry. Just some figures we took out here. On September 18, according to my figures, 12,256 passengers flew domestically in Australia, but of those Ansett and Australian were only carrying 2,000 passengers. That's about 16 percent of them. Now you've argued quite consistently that we're going to get it up to 50, up to 60 percent, but when are we going to get Ansett and Australian? I mean many of those were being carried by the RAAF planes, by foreign carriers, by commuter services, by leased aircraft -

PM: That's right.

JONES: When are we going to get it up to Ansett and Australian being able to take over the role that they had prior to this dispute?

PM: That will increasingly happen now. We've never put the figures as other than that. It's a question of saying something like, it's getting up towards 60 percent now of the seats available in relation to what seats were available before. But, of course, you're right in saying that it's being made up in the components you talk about. Now, increasingly you will see that changing because what's happening is that the airlines are getting more and more applicants. Ansett's made it clear that they've got 1,000 applicants now. That training process will go on, the recruitment process will go on. So you will see in the

(PM cont): weeks ahead as their own pilots are being recruited and trained that the proportion of Ansett and Australian, of total operating capacity will increase.

JONES: But are we going to be flying in RAAF planes at Christmas?

PM: I doubt it very much.

JONES: So you think we'll be back to capacity? What time frame do you put on it?

PM: Look, you've known me long enough. If I don't know the answer, I'm not going to make it up. But it will increasingly occur now because the pilots are faced with a situation, the members of the Federation are faced, as they know with a situation, unless they apply now, Alan, for their jobs they are going to miss out.

JONES: OK. Well, let's get on to the big issue of the last couple of days - Kakadu. You must surely be aware, as a man who's got his finger on the pulse and his antenna up, that I don't think there's one political commentator in the country who hasn't said that it's an act of political expediency. I am sure you've read the editorial in the Australian today which says rarely has the future of so many been compromised by so few for such an unworthy cause. Could I just put it to you that we're all in favour of the environment and we all recognise the virtue of Kakadu National Park. But Sir Arvi Parbo said the Government's word can no longer be taken and valued and accepted in the light of what's -

PM: OK. Let's get straight into that, eh? Sir Arvi Parbo, talking about people whose word can't be taken. Let's nail Sir Arvi straight away because he deliberately went on the media of Australia and misrepresented, presumably deliberately, the situation in regard to the communication between us. So if he's talking about who can be trusted, let's have it right on the line, Sir Arvi. You have left an impression that I declined to return your call. The facts are, which is a pity the media didn't have the decency to check with my office, is that he rang. Right? One. Two, I wasn't there in my office. Three, he didn't ask for a call to be returned, he simply pointed out that there was some suggestion going around, he understood, that perhaps BHP wasn't still interested in Coronation Hill and he just wanted to leave a message with the Prime Minister, which we knew by writing, that BHP was still interested. No suggestion or a request for a return call, but this man talks about whether you can be trusted or not is deliberately leaving the impression that he asked for a call to be returned. So let's have Arvi Parbo right on the line

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JONES: But he is the Chairman of BHP -

PM: OK -

JONES: And you did tell them they could go ahead with the mine -

PM: And he is also the person who's bringing into question whether someone's word can be trusted or not. So, Sir Arvi Parbo can't be trusted in terms of the relationship between the Government and BHP. Now, let's get to the question of Coronation Hill and BHP. Very simple. We said to BHP, go ahead, do your EIS and they had done that. I was asked yesterday, you know, almost shouldn't BHP be congratulated for doing the right thing. BHP were doing no more than obeying the law of this country.

JONES: No, but you virtually said to Loton, didn't you, to be fair, you've said to Loton in a letter no worries, this is going to go ahead, this will be OK, you've got my word for it, you said that to Loton and you wrote that to Loton didn't you?

PM: I'll show you exactly what I wrote to Loton so that there be no gild on the lily. This is what I wrote 'I can assure you there's been no change in Government policy on the conservation zone concept or in relation to Coronation Hill'. Now there hadn't been any change in regard to the concept, certainly the size. Just let me, so that you know exactly, this Now, look, because I'll show you, here's the Cabinet decision.

JONES: Alright.

PM: That letter to Brian Loton was on 9 October 1987 following a Cabinet decision of 4 June 1987. Now let me show you, you can read this here. The Cabinet noted that resolution of these issues, that is the final boundaries of the zone, the final resolution be that it should be based on the following principles. There will not be any increase in the overall size of the conservation zone, any change should, as far as possible, involve an increase in the size of the South Alligator River catchment area within the park. That is a reduction in the zone and any change that, as far as practicable, maximise the area of the park around of particular environmental importance. Now what I have said to BHP, no change in the concept or, in relation to Coronation Hill, and that is right.

JONES: But now Cook was carrying the case in Cabinet wasn't he for approval of the Coronation Hill mine and retention of the old exploration zone boundaries? Now, I wasn't in Canberra, but the argument is that Cook didn't get into the Cabinet room -

PM: Eh? He was there for the whole of the discussion.

JONES: Are you talking -

PM: The whole of the discussion.

JONES: The arguments out of Canberra are that you spent an hour and a half on the phone to Phillip Toyne -

PM: Now, come on, let's - no, don't jump from one point -

JONES: No, well hang on, no I'm coming to -

PM: Inaudible

JONES: I'll come to Cook in a minute.

PM: No you didn't, you started with Cook.

JONES: Righto, we'll go back -

PM: And you said he didn't get into the Cabinet room.

JONES: OK.

PM: Wrong. He was in the Cabinet room for the whole of the discussions.

JONES: He was in the Cabinet room. Well, Walsh and Dawkins and Button and Cook were opposed to the decision weren't they?

PM: What were the names, which -

JONES: Walsh? There's no way Walsh would have supported it -

PM: Well, come on give us the names.

JONES: Walsh. Yay or nay? Peter Walsh.

PM: Come on, the rest of them?

JONES: No, what about Walsh. Was he in support of it or not?

PM: I'm not going to tell you -

JONES: Dawkins?

PM: I'm not going to tell you who in the -

JONES: Button?

PM: who in the Cabinet voted which way or another.

JONES: Button and Cook.

PM: I'm not going to tell you who voted which way or another. Firstly, there was no vote.

JONES: But I'm putting it to you that they didn't support it.

PM: I have said, I have said that there were differences of opinion. Of course there were.

JONES: So you adopted a unique strategy here, didn't you? You put your reputation on the line, you led the debate -

PM: I didn't put my reputation on the line, I just put the arguments there.

JONES: But you've never done that before, have you? You've never -

PM: Yes, I have before. Yes, I have before. Look, see what you've got to remember is that we had discussed it before, Alan we discussed it before. This wasn't first up. I'd spent a lot of time dealing with it so I thought well we're going to have it quite clear, here's the issues, this is what I think ought to happen, it's not as though this was the beginning of the discussion.

JONES: Are you worried about the greenies, politically?

PM: No, I'm not worried about them. I mean we've been doing a bit of light hearted bantering here to some extent. But there's a very important question you ask here, Alan about the greenies. I think it's a fact of life, not only in Australia but around the world, that there is an increasing realisation about the importance of the environment. I mean I think this now Alan, you'd agree, it cuts right across -

JONES: We do agree.

PM: Economic groups, aged groups -

JONES: I think all Australia agrees with that.

PM: So when we're talking on this issue about whether it's the greenies or not, it's not the organised green movement - whether it's the Wilderness Society, the Conservation Foundation - we've just got kids, women, old and young people out there who are fundamentally now concerned about the obligation we have to protecting the environment now and into the future. So I think that politics are being shaped here and around the world by that fact. It's not because you've got an organised group, I just think people are saying now that there are things that governments have got

(PM cont) to take into account when they make a decision, whether it's about a mine or something else, have got to take these things into account, and I take them into account. I make no apology for that at all.

PM: And you must as Prime Minister. But let me put another scenario to you. Out in the western suburbs of Sydney and the western suburbs of Melbourne and right across Australia, people on \$380 a week, if they've got a house could be paying up to 16, 17 or 18% interest rates.

PM: Yes.

JONES: Now they are paying those interest rates because we've got a yawning current account deficit, the only way we can fund that debt is to get money in from overseas at that rate. We could reduce that debt by starting that Coronation Hill mine, we could reduce it earlier than otherwise would be the case. So put down ruthlessly and bluntly, you have preferred the greenies to middle Australia on 18%.

PM: Now there's two things to say about that. It's like a lot of your propositions, you very sensibly, you use the dramatic illustration to try and draw out an argument. There are two things that need to be said about it. In terms of the total picture of Australia's economic operations - as is said of the front page of today's Financial Review, and no doubt you would've read it - this is absolutely marginal, absolutely marginal in the totality of things. But the second point I make to you is this and I'd like your response to it; you will concede that the logic of what you're saying is that in a situation like this it's the economic imperative that should always apply. That means why don't we drill for -

JONES: inaudible

PM: We'll you're saying that I have put environmental considerations ahead of an economic one. OK, why shouldn't I authorise drilling for oil on the Barrier Reef because there might be oil there? People wanted to drill for oil there and according to -

JONES: It's not analogous with Kakadu Park.

PM: Why isn't it?

JONES: Well because Collins who knows the thing backwards, your own Labor Senator up there, knows it backwards and he said that the people he's spoken to are supportive of it, it's not in fact desecrating the environment. You've got people in your own Cabinet saying it and we've got this yawning current account debt.

PM: We've got a current account -

JONES: That's an economic imperative, isn't it?

PM: We've got a current account debt and let me say that one of the greatest sources of revenue into the future to deal with that current account debt is tourism. One of the great features of Australian tourism is Kakadu. If we were to do anything, this is a balance of argument about whether you would damage Kakadu or not, I say you should err on the side of caution.

JONES: But this isn't Kakadu, PM. This 25 square kilometres in an outfit which is what, 2000 square kilometres.

PM: You say it's not Kakadu. This is the catchment area - and I think you understand this - this is the catchment area which feeds into Kakadu. What we have done is to put the overwhelming proportion now of the catchment area, the whole water system of Kakadu, into a national park.

JONES: inaudible

PM: You are saying that you've got Kakadu here which is all water and it's fed from here, this isn't in Kakadu. If this

JONES: I know it's in Kakadu but ...

PM: If something happens here and the water system going into there you have buggered for all time -

JONES: But see don't you think that you are in fact - not intentionally, I'm not suggesting this deliberately - but you are also deceiving the electorates. You see the perception I can tell you the electorate have out there is that there's this glorious wasteland which is completely untouched and we're stopping these terrible despoilers from BHP from ruining it, when in fact this place, this area what you've called the conservation zone and now you're calling the exploration zone, was mined in the '50s and '60s, it's got a gigantic hole in it, and Bob Collins has said - I mean do you think he's on the wrong wave length - these are his constituents? He said this is a nonsense. This thing has got no conservation value at all.

PM: He hasn't said that. Let me make the point to you and

JONES: But it has been mined, hasn't it. It has been mined, hasn't it? In the '50s and '60s.

PM: Of course it's been mined in the past. A lot of things happened in the '50s -

JONES: It's got a big hole in it.

PM: It hasn't got a big hole in it. Stop this business of you know, have you stopped beating your wife because you know that doesn't work with me. Now just come down a gear, come down a gear, my friend and just recognise this. A lot of things happened in the '50s and '60s, did they not? A lot of things happened in the '50s and '60s which if we had the knowledge that we have now about the environment, we wouldn't have allowed to happen, right?

JONES: Yes, sure.

PM: OK. Now let's just come back to this point, Alan. Here's Kakadu up here, your wetlands. This area can be as unattractive, some of it, as you like. Some of it is very attractive. Do you realise that just with only 2 or 3 kilometres from one of these mining areas where the shot was taken in Crocodile Dundee which you'd recall -

JONES: Yes I've seen that.

PM: You know the lovely shot. So it's not all what has been referred to by one of my colleagues as clapped out buffalo country.

JONES: Gareth Evans, next President of the United Nations.

PM: Sure, sure. Is he next? ... numbers? -

JONES: Him running the United Nations and Malcolm Fraser running the Commonwealth.

PM: inaudible

JONES: What chances ...

PM: We'll have a talk about that in a minute. We'll have a talk about that in a minute. Look, you know that this can be in itself relatively unattractive but if coming through here you have the water system which feeds into the wetlands of the Kakadu Park, it doesn't matter if that is unattractive as Billy Smith's backside. If in fact the water system going into the Kakadu is coming through here, then that's what you've got to take account of.

JONES: Alright. Well let me just put another thing to you. You've done that for the environmentalists and you believe that's an issue and you've accommodated it -

PM: Now I haven't done it just for the environmentalists, it's for everyone.

JONES: Right, OK. Now what about middle Australia on 18%? What can they look forward to between now and the election?

PM: Well they can look forward to this; you've got tight fiscal policy, tight wages policy and we'll keep monetary policy as tight as is necessary until we can see the level of activity coming down. I still believe that as we get into next year, Alan we'll have seen the level of activity coming down and I believe that will allow some easing of policy then. But I have said and Paul says, we both say we won't be easing monetary policy until we do see that actually coming down.

JONES: OK, so you talk about next year. Now does that mean that an election for this year is out? Can I just put a scenario to it? It does seem to me doesn't it that if you were to have an election this year, you'd have to announce it - according to the Electoral Act - 33 days back by the end of October or before the end of October, which is the end of this month. You're going to be away in part of this month. Does that logistics remove entirely, whether you'd like it or not, the prospect of an election this year?

PM: Well, virtually. I mean as you know I've - and I think I've said it to you before Alan, talking on the radio - I've always thought that the election will be in 1990. I mean I've conceded yesterday that some of my people have been talking to me about the possibility of this year and I listen to what people say, it's silly if you've responsible people around you to say 'I'm not going to listen to you'. But I've listened to them and I really believe that the election will be next year.

JONES: Now on that 18%, you last week gave \$200M to four banks which on aggregate I think, had profits to June 30 of about \$3.9B. What about the building societies? Where do the hundreds of thousands of people borrowing from building societies ... -

PM: You know the difference there. What was done in regard to the banks was that we have got what we call non-callable deposits from them in which there is a penalty interest rate. Now since the time at which that penalty was fixed, because of the rise in market rates, the size of the penalty has increased. So what we essentially did was to bring the penalty back to what it was at the beginning. And as a result of doing that, these banks are able to hold mortgage rates at 17%. Now I don't think anyone can argue that that's not a sensible thing to do.

JONES: But at \$3.9B profit the penalty couldn't have been affecting them too much, could it?

PM: Oh well now are you introducing the concept now - I mean it's interesting if you are - that what you expect of banks and other sectors of private enterprise is to act in a way which is non-market oriented and to act philanthropically? I mean I would be quite prepared to entertain that discussion with you but what's happening, as you know, is that the cost of their funds -

JONES: That's the market orientation -

PM: If we've got -

JONES: You're interfering with the market -

PM: If we've got the new Alan Jones philosophy -

JONES: That's not new. Perfectly consistent. You're interfering with the market, you're giving them \$200M of our money.

PM: I'm saying that we are restoring in that market situation the penalty that we had in the market operation when we started the non-callable deposits system. We didn't change that, we restored it to what it was and within that then the market operates.

JONES: Just one final thing, because we've got to go. A caller came this morning and of course I have a bit of a soft spot - I'm sure you have - for POW's. The caller said that now that the Government's been so generous to the airlines, might they consider giving the ex-POW's the three shillings a day sustenance allowance promised them by successive governments since the end of the war. Do you think that people out there feel as though that the dice are falling equally on those who are in need?

PM: Well I think it's true that people will never ... and think that those in need have ever been given enough. All I can say is that in the last Budget we made additional arrangements for those in need generally, including people in the veterans area and the veterans organisations have been good enough to acknowledge that to us, they have said that they appreciate what we've done, including in the prisoner of war area, we've done as much as we think in this circumstance you can do but we'll continue to examine specific proposals that are put up to us by representatives.

JONES: Do you often wonder what star you were born under? Here you are with a world record, an Australian record current account, record interest rates, record levels of inflation and here the polls are saying that you can still - or relative to - I mean when Gough Whitlam was running inflation at 15%, the OECD average was about 11. The OECD is now about 3 1/2 isn't it, 4 -

PM: 8.

JONES: And you're running at 7.

PM: Now you always like to be ...

JONES: Absolutely.

PM: You like to put the complete picture.

JONES: I'm ... offering you a compliment there. I'm just saying that you still look like winning an election. ...

PM: I could feel that coming so I wasn't going to cut you off completely. I also wanted you to say complete the record and I have this record. A rate of employment growth more than twice as fast as the rest of the world, 5 times faster than under the Fraser/Howard/Peacock government. So we've got world record growth in that sense and in regard to environmental matters, the World Heritage bureau is saying that no government in the world has done more to advance world heritage values than has this Government. So we've got the record on employment creation and on environmental issues.

JONES: Good to talk to you, Prime Minister. Time's beaten us, I'm sorry but thank you for your time, as always.

PM: Thank you very much. It's a pleasure to be with you.

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