



PRIME MINISTER

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E & O E - PROOF ONLY

JOURNALIST: Prime Minister, a long way to come for a sausage?

PM: Well, if that's all I'd travelled for, yes, I guess it would be but it was a beautiful sausage and lovely bread and beautiful people.

JOURNALIST: Are you shoring up your rural votes?

PM: Well, I'm - you see this business about shoring up up rural votes, it means that I can't go around Australia until, according to that theory, until say five or six months before an election. I'm always travelling around Australia, always and I just am very pleased to be here again after two years to support my good friend Peter Cleeland. Great Member.

JOURNALIST: Mr Hawke, have you thought any more about an election date?

PM: No going around this beautiful country, seeing all these beautiful people, I mean, fancy having elections on your mind.

JOURNALIST: Prime Minister, the foreshadowed country statement that you're going to make. What is it -

PM: The foreshadowed?

JOURNALIST: Country statement that you are going to make -

PM: Yes, well the details of that are still being worked out between some of the Ministers and Departments and we'll be making that statement within a month I think.

JOURNALIST: And what areas will it cover?

PM: Rural Australia.

JOURNALIST: In reference to policies?

PM: It will be policies and statements and reviews of what we have done and what's got to be happening in the future, yes, matters of a range of interest to all rural Australia. Issues that have been raised with us by my Prime Minister's Country Task Force that has been operating now for a period of time. They have been very useful, going around and listening to people right around Australia and they raise with them issues of concern and where we think that we can do something to meet those concerns, we will.

JOURNALIST: Prime Minister, what's your reaction to Dr Stephen Fitzgerald -

PM: Just a minute, just a minute, the local one first, yes?

JOURNALIST: Is it an indication that the Government had neglected rural Australia?

PM: No, no, on the contrary, we've done very, very much more to meeting the range of needs of rural Australia than has been done by previous governments and this has been acknowledged by people in rural Australia. I mean, it's not just the people who are on farms. I mean, the National Party in the past tended to talk about and not do a hell of a lot about it at any rate, but the policies for farmers. Rural Australia is, of course, importantly farmers, but it's not just farmers. There's all the people that live in the towns and our range of policies has been concerned with ensuring a more effective delivery of services in rural Australia. One of the problems in the past is, it's just been assumed that somehow or other people in rural Australia will get the services that are provided by the Department of Social Security and the Department of Employment and Training, but that assumption hasn't been well based. You've got to do special things to make sure these services are available and we've done that. Now, what was yours?

JOURNALIST: Prime Minister, what's your reaction to Dr Stephen Fitzgerald's comments that Australia's relationship with China is exaggerated and dangerous?

PM: Well, I'm surprised by Stephen's statement. First of all, look at the facts. I mean, there's some suggestion that it's been at the expense of other countries in the region, and of course, that simply isn't true. I mean I have just been, earlier this year, to the region and our relations are superb. I mean, it's reflected in the fact that we have been able just this week in Canberra to have the Asian Pacific Economic Co-operation Conference.

They have applauded the initiative of this Government. Not just in regard to the conference, but in our relations with the region. The fact that we can have such a conference, never been done before, done at Australia's initiative, that of itself, I suggest, explodes the proposition that our relations with China have been at the expense of countries in the region. You can't have those two propositions sitting together that we have somehow prejudiced our relations with the other countries of the region and have this historic conference. The two propositions simply do not sit together.

JOURNALIST: Well, what have we got in return from China for our strengthening our relations?

PM: Let me say this, you don't just in having relations with a country say 'what am I going to get in return?' And presumably when Dr Fitzgerald in his, both his professional diplomatic career and in his business career has been himself giving the overwhelming proportion of his time to China, when he was doing that he saw some point in it. I don't believe he wanted to be the Ambassador to China, I don't believe he's had a business with China because he saw it as unimportant. And the importance of relations with China are not simply in terms of what you'll get in return, although I suppose in Dr Fitzgerald's case, in his business capacity he's been seeking, you know, a return from what he does. But as far as Australia's concerned we certainly hope that having good relations will make it easier for developing business, economic, cultural, commercial relations with China, we hope that will occur. But the other part of developing friendly relations with China is the sensible global consideration that here is a country which constitutes a quarter of the world's population, which has a vast significance in the region and potentially for the whole world and it makes sense for countries like Australia, that China can trust, we obviously have no designs on China, it's very sensible for countries like Australia to develop friendly relations with them, to give them a sense of welcome in the region and in the world community. And that's part of what we've been about.

JOURNALIST: Dr Fitzgerald was hopeful that after the Tiananmen Square massacre that relations could change. Have they changed?

PM: They're not the same as they were before, of course. We have in common with a number of other countries, have not had the same measure of relationship as that we had before. But we do keep, we obviously do keep relations and one would be watching, as many countries are, what the developments are in China. It would be silly for Australia or for the rest of the world to cut off relations with China because there are great forces within China that want to see reform continue there, economic and political reform. They want to see China continue to open up to the rest of the world and we must conduct our relations in a way which both indicate that we can't condone what

happened in June and at the same time indicate that we want to keep our avenues of communication open. I think, sensibly, we are doing that.

JOURNALIST: Mr Hawke, changed your attitude towards China, changed the Dr Fitzgerald said?

PM: No, Dr Fitzgerald's comments will have no impact upon our position at all.

JOURNALIST: Mr Hawke, will the Federal Government continue to negotiate with the chemists?

PM: Well, if I can use the sporting jargon, the ball is really in their court and it has been accepted by South Australia and the ACT and it's being further considered by the other parts of the Guild. I hope they will accept it because it represents, as I say, a \$60 million addition to the outcome from the Pharmacy Remuneration Tribunal and it provides not just \$60 million additional, but it goes to things that have been important to the chemists. For instance, they have urged, in my opinion rightly, urged for a recognition of their professional skills and importance and it's not just a question of handing over packages of films and dispensing things. I mean, they have a professional role in the community, they've rightly urged and that's been recognised in our package to them. There are also provisions there for remote allowances and there are also provisions for restructuring. These are things that they regard as important. Now, I think they should pick it up and then come down and sit down and talk with us. They'll be able then to be in the Trust that we're establishing to administer that \$60 million, we're also promising them that in that context we'll appoint a representative from their experience on to the Tribunal. So I hope they come back and if there are some things around the edges that need some further talking, we can do that.

JOURNALIST: Are you concerned that both the pharmacists and the Pilots Federation are targetting the marginal seats?

PM: No, I'm not, because if there's one thing that's quite clear by now after six and a half years in Government is that we will not be threatened. But when we were in our first term we were threatened by all sorts of groups on the basis of the Assets Test. They were going to kill us in marginal seats. Now the Assets Test was very simple. We weren't going to allow the interests of a small group who were already reasonably well protected by the community to be further advanced at the expense of others. Now we refused to be intimidated by a massive campaign on the Assets Test.

Now if the pilots think they're going to conduct a campaign which intimidates us, well, that's good, it's a democracy and they can think about that if they want to. I think it would be much more sensible on the pilots' part if they asked themselves the question, shouldn't they act in the same way as all other organisations and workers. Accept the same principles and that's what the Industrial Relations Commission has asked them to do. They said if you want to be part of the act, well accept what we, as a Commission, have laid down which is the same for everyone. Now I think that's what they ought to be thinking about. I hope they will.

JOURNALIST: (inaudible)

PM: Now, just a minute, I'll come back to you. You've got to give someone else a go you know.

JOURNALIST: Can I ask about bank profits? National Australia Bank -

PM: Bank profits.

JOURNALIST: That's right. Don't you think it's considering the high interest rates that National Australia Bank's recorded highest profits yet?

PM: Well, as has been recognised, one of the reasons for the considerable increase in bank profits has been a) the growth in the level of business and the actual increased productivity which has taken place within the system. It's not just a function of high interest rates

JOURNALIST: Do you support the banks -

PM: Well, if you want to put words into my mouth you do so, I'm not doing that. I'm simply saying that the profits that have emerged have emerged from a competitive situation, certainly including high interest rates. In regard to the mortgage situation, the home mortgage situation, they've had to pay fairly high rates for the money which they borrow and which they lend out. Now I'm not here as an apologist for those level of profits. I think that the banks ought to look at whether in areas of services they can provide some of those services at somewhat better rates. That's their decision, but it's a competitive environment in which the National Bank has to be up against others -

JOURNALIST: Nonetheless, Nobby Clark has described your monetary policy as a slow lingering death of the thousand cuts -

PM: Nobby Clark it can be argued, knows something about banking. I don't think anyone really puts him high on the list of economic analysts.

JOURNALIST: Prime Minister, finally -

PM: Finally as far as you're concerned.

JOURNALIST: That's right. No, but I won't bother you any more.

PM: OK. You haven't bothered me at all. What's your next question?

JOURNALIST: Thank you.

PM: Good.

JOURNALIST: Andrew Peacock's labelling you as yesterday's man?

PM: Yes, well, I suppose one has to take a little bit of notice of Andrew because he is, you know, one of Australia's authorities on yesterday's men because he's been one of them. I mean, he's the recycled leader. I mean, this month it's Andrew's turn to lead the Liberal Party, alright, next month or at the beginning of next year it'll be John's turn. I mean, they've got a depth of talent haven't they? Andrew, John, Andrew, John. I mean, he knows about yesterday's man, he's been there. But let me say this. I've never felt fitter, more capable and I've never been more excited about an upcoming election as I am about this and Andrew will need to ask at the end of the campaign was he up against a tired man. I'll tell him now he'll be up against a very, very vigorous man. But Andrew's problems really not with me. I mean he really ought to be looking at those people who are saying can we win with Andrew. And a lot of them are saying no. Well, they are right.

JOURNALIST: Mr Hawke, what's your reaction to the events in West Germany today?

PM: I welcome them and I welcome them very much. I've had the opportunity, of course, in the recent past of having long discussions in the Soviet Union. That was at the end of '87 of course, not just in recent months. But there was Mr Gorbachev. I understand the nature of changes that he has in mind and just a few months ago I was in Hungary, had discussions with all the leading figures there, so I do have the, you know, the advantage of actually knowing the depth of determination that people have for change. It was inevitable and I've said so before, it was inevitable that these changes would not just be confined to the Soviet Union and Poland and Hungary but they must extend.

I am pleased at the speed with which they are extending in East Germany because, after all, there are two things that are quite clear. Firstly, and they have been for a long time, that this outdated, irrelevant, counter-productive, Marxist Leninist economic simply holding back economic development around the world. Every state that's practiced it has realised that and that's the core of change in the Soviet Union and now in Eastern Europe. The second thing that's equally clear is that you can't have significant, impactful economic reform without political reform and the move towards democratic processes and that's what we are witnessing and we should all be very happy about it.

JOURNALIST: What do you think you got out of your discussion with John the resigned pilot?

PM: Well, at least I was able to convey to John what the facts are and those facts are very simple. That the Industrial Relations Commission has said that there are three conditions that need to be satisfied. If the AFAP can be considered by the Commission as having any possible role. Those conditions are that they must lift the embargo on their members joining the airlines. Secondly, that they must accept the decisions of the Industrial Relations Commission and third, they must be bound by the National Wage Case guidelines. Now, that is the fact and I was able to convey that to John. I think there probably was some lack of understanding that those are the conditions. I mean, that's what I've been saying all along. That you've got to act in terms of the principles and in accordance with the requirements of the Commission. That's been my position all along. The Commission has said that and if they do that, then the Commission can see whether there's a place for them.

JOURNALIST: Well speaking to him after your discussion is hoping that perhaps you may be more willing to recognise the Pilots' Federation. Are his hopes going to be realised?

PM: You see, the Pilots' Federation exists. I don't have to recognise it. There is a thing called the Australian Federation of Air Pilots. It exists. It's existence doesn't depend upon me. The real question is whether that organisation can have any place in the rebuilding of the airline industry. I repeat that the Industrial Relations Commission has laid down the three conditions which we have said from the beginning of the in the Industrial Relations Commission have said. If those conditions are accepted they will consider whether there's a place and a role for them.

JOURNALIST: Do you still say there's no dispute?

PM: Well, it doesn't matter that I say it. The Industrial Relations Commission says there is no industrial dispute. I mean, no-one's questioning that. I mean, it's not a semantic issue. There are still problems and real problems in the tourism industry and for travellers. There are still real problems. No-one's ever said it and I've said that's not the case. But it's not a semantic issue when you say that the industrial dispute is over. That finished when they resigned. they don't have employees, they don't have members employed in the industry. At the direction of and under the decision of the AFAP, their members resigned. They not only resigned, but they took all their long service leave. They got out, they disassociated themselves with the industry. Now what's been happening is, as the industrial Commission said, individual pilots are joining up, signing contracts. And that is happening and gradually and very significantly the airlines are being rebuilt. In the early part of next year they will be providing full normal service, both airlines. That's what the condition will be in Australia. Full normal airline services and that's what's being done now. The only question is will the AFAP have any part, and the Industrial Relations Commission said if you accept those conditions we can consider whether there'll be a role for you. So that's not complicated.

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