



## PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE. RICHMOND RAAF BASE, SYDNEY  
15 DECEMBER 1989

E & OE - PROOF ONLY

JOURNALIST: Mr Hawke ... airlines are pressing ahead with their damages claim?

PM: Well whether they're going to the point of collection I don't know. I hope they're not. Obviously the formal proceedings have to go to a conclusion. But I've expressed my view very clearly that I hope they don't move to a collection of damages.

JOURNALIST: Mr Peacock says a coalition government would see a massive downturn in interest rates. How do you feel about that?

PM: Well, you know, to coin a phrase of Mr Peacock in regard to the Opposition ... you just have to say 'who's to know'. I mean just last week we had Senator Stone, Dr Hewson and Mr Howard saying that interest rates would remain high, and through the next three years. But now the Leader of the Opposition, who is not regarded by Mr Stone, Dr Hewson or Mr Howard as having any economic competence as compared with themselves, contradicts them and says they will come down massively. Now of course, as I've had reason to say, when you're talking about economics Mr Peacock knows nothing. The important thing to say about interest rates is what I've said and what my Treasurer has said. And that is that we will keep the settings of policy firm for as long as is required. We do have the situation now where there are signs, as both the Treasurer and I have been saying, that that policy is working. The conditions are being created for a reduction in interest rates. But we have no more to say about that. And for Mr Peacock to be coming out and speaking in direct and blatant contradiction of those people within the Opposition who really do know more about these things than he does, is a sign of the increasing desperation of Mr Peacock.

JOURNALIST: ... wind down their operations. Does that mean the pilots' dispute is over in your ...?

PM: Well we have made the position quite clear and indeed the people are reflecting their understanding of it. The domestic airline industry is being restored towards its normal operating capacity. They'll be able to handle the Christmas traffic and we will see Australia's domestic airlines operating normally in the early part of 1990.

JOURNALIST: What about the cost to the taxpayer -

PM: The cost to the taxpayer is something that will be finally determined when the accounts are put in and when they are dealt with by government officials. All I can say is this, that it will be a significantly lesser amount than those figures that were recklessly thrown around by the Mr Jull to whom I referred. And of course the other point to make is that the cost to Australia would've been infinitely higher, immeasurably higher if I had been prepared to do what the Opposition had wanted me to do and that is to lay down and let the pilots have their way. That would've been economically disastrous. It was totally unacceptable to me.

JOURNALIST: Mr Keating doesn't seem to be as definite as you are about the signs of interest rates coming down. He doesn't seem to be as definite as you about interest rates coming down next year. He seems -

PM: You look at the comments of Mr Keating yesterday and mine. They were totally -

JOURNALIST: So you see that as a strong endorsement of your comments?

PM: Well if you actually look at what he said he had no reason to disagree with the remarks I'd made.

JOURNALIST: Will there be a cost in the Defence Force budget itself in terms of wear and tear and greater usage of the aircraft over this dispute?

PM: Well if there's anything that has to be taken into account in the Budget sense it will be. I mean we've made it quite clear that what was being done in this last four months was to provide a service from the Royal Australian Air Force and to a lesser extent from the Royal Australian Navy to provide an essential service to Australia. And if there is supplementation required then of course that will be done.

JOURNALIST: Mr Hawke.

PM: G'day, how are you. There's no need to kneel.

JOURNALIST: There is, the cameras are there.

PM: Arise.

JOURNALIST: After yesterday's retail sales figures the Chamber of Commerce said that you should be looking at bringing interest rates down at the end of January, beginning of February and if you don't it might be too hard for too long. Is that something that you are looking at?

PM: As I've said before, the fine art of economic management now is to make the decision in regard to monetary policy, that is interest rates, which means firstly that you haven't taken them off too early and therefore allow a resurgence of demand which would mean unacceptably high levels of imports. And on the other hand not leaving it too late so that you go into an unacceptably prolonged and deep downturn.

JOURNALIST: Recession.

PM: I believe that we will be able to make that fine art of judgement. We will.

JOURNALIST: Are you afraid the markets will jump the gun and lower interest rates too early?

PM: I think that the markets will respond to their assessment of government policy.

JOURNALIST: Mr Hawke, the pilots say they still want their seniority. Isn't that going to still be a stumbling block to getting them back in the air?

PM: Well of course the airlines need very few pilots now as the figures have been released. This matter will be before the Commission on Monday and the position there is quite clear. If the Federation wants to have any part now in the final resolution of the difficulties in the airline industry then they have to meet three conditions. And not special conditions upon them, the same conditions that apply to any other union. And that's a matter for decision for them. It will either - you'll have a complete restoration of the airline industry without the involvement of the Federation or they may have some part in the tail end of it. It's up to them.

ends