



PRIME MINISTER

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E & EO - PROOF ONLY

JOURNALIST: Mr Hawke, why is the NCA investigating Mr Elliott?

PM: Let me make this position very clear, that it has been the practice consistently, and I've spoken to the Attorney-General about this and I'm reinforced by what he has to say to me, that Governments neither confirm nor deny whether particular matters have been referred to the NCA. That has been the consistent practice. I'm neither confirming nor denying. But having said that, let me say this and make it quite clear so that there can be no grounds for any imputation or snide suggestion by anyone in this country, in the media or outside it, that in all cases where the NCA has references, it's on the basis of a request by the NCA following preliminary investigations of referral information from other Government agencies. They make the request. The NCA makes the request. In those circumstances, if it comes to the Commonwealth Attorney-General, then there is a consultation by the Commonwealth Attorney-General with the relevant Ministers in each State. That is the practice that has been followed, as I'm informed, in any case where there has been a referral. Now let me make it also clear that the NCA is, as you all know, not a political body. It is the premier investigative body in this country. It would only seek references if it has, in any cases, it would only seek references from the Commonwealth or the State Ministers when it, the NCA, was satisfied that it had evidence requiring such a reference. So there's the position. I'm not confirming nor denying because that is the practice which has been consistently followed. I'm neither confirming nor denying. I'm simply saying that in respect of all cases where there has been references, it's on the basis of a request from the NCA. Where it has material before it which it believes requires a reference, and when it comes to the Commonwealth Attorney-General, he consults with the States. Obviously it would be improper in terms of all past practice for me to say anything more than that and I don't intend to.

JOURNALIST: The Liberal Party has labelled this a political smear. Do you have any response to -

PM: Well just let's be clear about that. Let's assume, let's assume - and for the sake of answering your question, I'm only making the assumption - let's assume that a reference came last year, a request for a reference came last year to the Attorney-General from the NCA according to the normal processes where the NCA had, for the sake of assumption, that it had material and it requested the Attorney-General for reference. Then the logic of what's being said, not by you, but in putting the question, the logic of it is that if a request had come in this particular case, because a person concerned was involved with an Opposition party and there may be an election coming up some time within the next six months, you don't allow the normal processes to follow. That would be the assumption if that's what the situation had been. Now you only have to put it that way to see that that's an absurdity.

JOURNALIST: Changing the subject Mr Hawke, is the Labor Party going to actually target Mr Elliott in terms of his conflict of interest between ... dealings ...?

PM: No, I haven't got any particular intention at all of targetting Mr Elliott. What I have said in regard to Mr Elliott in the past has been measured, as you know, and I can produce if you like, and I probably will at some stage during the campaign, acknowledgements by Mr Elliott that he has been involved with Mr Peacock, when Mr Peacock was Shadow Treasurer, in discussions about economic policy. And he's entitled to. I'm not saying - I mean he's the President of their party and he acknowledges quite openly that he has been. I'm simply going to be pointing out during this campaign, amongst other things, that in regard to the capital gains tax, which is the proposal to abolish that on the part of the Liberals, is very simple. It is one which will mean that the very rich and privileged in this country are going collectively to have billions of dollars put into their pockets and taken out of the public revenue which would be available for expenditure by any Commonwealth Government on education, roads and a whole range of things for the benefit of ordinary Australians. Those billions of dollars are going to be taken out of the public revenue and put into the pockets of the rich and privileged. Mr Elliott would be one of the beneficiaries - not the only one. He'd be one of the beneficiaries of that. And he has said himself that he has been involved with the Shadow Treasurer in the development of economic policy. Now I don't think that that's something that the Australian people would like. I think it's appalling. But that has got nothing to do with any suggestions that have emerged in the last 24 hours. And indeed, may I say, I've been making that point going back over several months.

JOURNALIST: Do these reports help the Government in any way?

PM: Who am I to assess? I don't know. But I'm in the position, as is the Attorney-General, that according to practice we simply can neither confirm nor deny. I would think there are very obvious reasons for that. But I would make this point in addition. Lionel Bowen is a man who is not standing at this election. He is a man who I would think of whom nothing has ever been said, nothing, by either side of politics which goes to questioning his integrity. I don't think anyone in the media would be able to point, and I would challenge anyone on the Opposition, in the Liberal or the National Parties, to point to any time in the long and distinguished career of Lionel Bowen in the State and Federal Parliament, and in his period as Attorney-General, where there has ever been any suggestion about the integrity of Lionel Bowen. Indeed, I'll ask you to recall that in the Parliament, in the farewells, they spoke glowingly of Lionel Bowen. There have been references in the last few months when it was known that he was going. No-one has ever questioned, nor could ever question the integrity of Lionel Bowen.

JOURNALIST: Is the NSW State Bank in trouble?

PM: I don't know. That refers to an observation I made. I simply was saying, people asked me about the State Bank. I thought the situation was that there could be - not questioning the integrity or the substance of the bank, but the banking system generally, including the State Banks - have been in a situation, as you know. I mean they've announced it, the private banks have announced that they have difficulties where they have extended credit in situations where with hindsight they probably wished they hadn't done so. But I'm not in any way suggesting that the State Bank of NSW is in problems, in difficulties, nor have I said that at any point.

JOURNALIST: You mentioned ... by name.

PM: I did. I'm simply to say that there was some suggestion that, an implication that the State Bank in Victoria may uniquely be in a situation of some bad debts. Now I was simply making the point that I don't believe that the State Bank of Victoria is uniquely in that position. And indeed the published results of private banks would confirm that.

JOURNALIST: On the wages accord, without taking away from Treasurer Keating's limelight -

PM: Yes, I'm not going to do that.

JOURNALIST: Would you expect those that you'll be targetting for benefits to feel grateful for what's being given or would you expect a cynical reaction?

PM: No, I wouldn't expect a cynical reaction. I mean, what you've always got to do when you're asking questions like this is to remember that we've been in office for

seven years. I think this will be about the 14th economic statement that my friend and colleague, Paul Keating, will be delivering. So you are able to test your question as to the likely reactions against what's happened before. I think you will find that where Paul Keating, on behalf of the Government, has brought these statements down, they have been welcomed. But importantly not only by those who are the direct and the immediate beneficiaries of what we will be announcing today but in the sense, even more importantly than that, there will be the welcome by the community as a whole that what you're getting is a statement from a Treasurer on behalf of a Government which is fully funding, not just for one year but over a three year period, fully funding any additional spending proposals that we'll be making. And that will be consistent with what we've done in the past. In other words, the community is going to feel satisfaction that these are not wild, unspecified, unfunded promises. These are fully funded commitments. So the attitude will not only, I think, be one of gratitude on the part of people who will be specific beneficiaries, but that will give, in my judgement, a great deal of satisfaction to the community who I think, have had a gutful of politicians over the years who've come along and made wild, extravagant, unfunded promises. I mean, those days are gone. One of the products of this period of Government has surely been that we do have a community which is now more economically sophisticated. It will not buy this wild attempt to buy their votes and support with unfunded promises. I mean, we say that in 1987 and we have a situation now confirmed by the Opposition today in regard to the two tier tax system that they're promising, that they have got a great gaping hole of \$6B. \$6B and a contrast ... not be able to be more stark. They are insulting the intelligence of the Australian voter, saying that they think the Australian voters will buy the \$6B hole, credibility gap against the Government, which through my friend and colleague, Paul Keating, today will be announcing, fully funded spending proposals.

JOURNALIST: Is there any merit in the call by Mr Bob Carr for a summit of yourself and State Premiers on the truck blockade?

PM: Well it doesn't seem to be immediately necessary. I see that those involved in the blockade have indicated that their concern is with NSW and not with the Federal Government, which is appropriate. Now I'm not in any sense therefore saying we haven't got an interest, we have. But I want to say to Nick Greiner, and Nick I'm saying this in a non-aggravating and a non-partisan point scoring sense. I really want to refer to the facts and that is that there is a proposal on the table, the blackspots proposal which has got \$120M attached to it. If you will agree with the other States well then that will introduce a uniformity of standards which naturally enough those operating out there in the trucks, it's a

hell of a job, they as much as those of us who are looking at it just rationally and intellectually, particularly those that are driving the trucks, they want a uniform standard. Now I'm saying to Nick Greiner that it can be done and in a way which will involve outlays of \$120M by us. If there are some further matters that are concerning the truckies that go to issues of log books for instance, which are not part of the \$120M black spots program but are matters of concern to them, I would be quite prepared and happy if there are additional matters that are not covered by our particular proposals, to have a meeting of the Commonwealth and States to look at those matters to try and get some national uniformity.

JOURNALIST: Mr Carr has suggested that the State Government should invoke Section 45D of the Secondary Boycotts Legislation. Do you support that call?

PM: Well I would hope that you can get it resolved before you go into that position because as I say, while I don't condone - and I think the truckies know that and they'll accept my observation on that - I don't condone their tactics. I and I think the overwhelming majority of Australians understand their concern about standards and it's a tough job they've got, it really is a tough job. They are entitled to our understanding but not support for their tactics. Now I would hope that you could get the response from NSW to what I've said and on that basis and particularly if the federal union can get an understanding with the others, I would hope that you can get this matter resolved without resort to that measure.

JOURNALIST: How important to your re-election chances is today's statement by Mr Keating?

PM: It's impossible to be precise about that. I mean, the electors of Australia will have a range of issues in their mind. It will be important. There will be leadership, there will be Medicare, there will be a whole range of issues. But I think pretty centrally important will be the question of responsible economic management. And I think as a result of what Paul will have to say that you will have projected on to the political face of Australia now and these next five weeks in which people have to make up their mind, the starkest possible alternative. Now obviously I must leave all the details to Paul but I can say this without jumping his gun in any way, that the outcomes from his statement will be such that Australians, wage and salary earners, employers, all levels of Government, all organisations and welfare organisations, are all going to be able to say, well there for the next 12 to 18 months, there is the economic environment within which we're operating. There's the wages outcome, there's the inflation outcome, and quite clearly it will be within the context of continued economic growth. They will know that anything that we're promising will be paid for. Now against that, starkly

there will be the position of an Opposition which - let's go to the elements. We're talking about interest rates being central and crucial. OK, I'll buy that. Now Mr Peacock has said on the AM program yesterday morning that his capacity to do anything about interest rates depends on what happens in the other two areas, fiscal policy and wages policy. Now at the end of the Keating statement Mr Peacock will be shot down in flames because you will have the contrast in fiscal policy, fully funded promises from the Hawke Government, fully funded. Against that you will have the \$6B hole of Mr Peacock. And on wages, a precise outcome for the next 12 to 18 months on the part of the Government. Against that, a wages policy which is regarded by half his own people as a joke and by the whole community. Why do you think it is that yesterday the large business organisations of this country indicated they didn't want a bar of a Peacock Government. In large measure it was because they know they have all the facilities to analyse this thing and they know better than anyone that in the wages area they would be facing a wages explosion and a collapse of the economy. If you have a fiscal blowout and a wages collapse, interest rates are through the roof to recess the economy. So it's a long answer to your question but deliberately so. I can't say precisely how important it will be but knowing that those things are involved in Paul Keating's statement on behalf of the Government, it is going, I think, very clearly in the minds of the Australian electorate, highlight the difference between responsible economic management, from a united team who can speak with one voice and with authority against \$6B hole from a group of people who are consistently and continuously contradicting one another.

JOURNALIST: Mr Hawke, do you think Mr Kelty has undue influence on the Government, given that he is now formulating a large part of your re-election package?

PM: He's not formulating our election package. We have not been secretive about the relationship between the Governemnt and the trade union movement. It's been there for seven years. Now the Australian people can make their judgement and they can take their choice. Before 1983 you had a situation of the conservatives adopting, as they always have, I mean, it wasn't just a feature of the last couple of years, they've always adopted a confrontationist attitude to the trade union movement and that produced the worst recession in 50 years. Burgeoning unemployment, burgeoning inflation and may I say interest rates higher than we ever have reached. Now against that we said that it doesn't make sense. The trade union movement is not an ogre. They represent ordinary Australians, like people that are watching this and listening to what I'm saying. They are organisations of ordinary working men and women and we've taken the view that it makes sense to talk with them and say, look can we get a way in this country, can we get a way, a method of talking about your remuneration, which is not

simply to be determined by the biggest money wage increases that you can possibly get? Can we look at restraint in your money wage claims and also look at remunerating you and rewarding you by improvements by way of tax cuts and by way of increases in the social wage generally? And Mr Kelty, on behalf of the trade union movement, has responded. And in the result, instead of having the worst recession in 50 years from confrontation, we've had a rate of employment growth five times faster than under the conservatives, twice as fast as the rest of the world, two out of three of our kids staying in school instead of one out of three, Medicare instead of two million of our fellow Australians not being covered. All these have come because the trade union movement, as the business community recognised, has exercised a massive restraint in their wages claim. We've had a 13% reduction in real wage unit labour costs because of the restraint that the trade union movement, via Mr Kelty, has exercised. So my answer to your question is I don't think that people are going to say that that is a bad thing. We have co-operated, talked with the trade unions as we've talked with business and the results have been spectacularly better than that awfully recessed economy that we inherited in '83.

JOURNALIST: ... slightly different accord this time round in the election campaign ...

PM: Oh, so the argument therefore is that we throw away the proper conduct of economic management because there's an election campaign. I mean, that is a ridiculous situation. We're reaching the point where you have to negotiate the next wages agreement and the Australian electorate are entitled to know as they go to the election as to whether this Government is capable again of doing what it's done for seven years, of getting the restraint in money wage claims. If that can be done in the context of other considerations which will produce predictable wage outcomes and predictable inflation outcomes. They are entitled to know that and to be able to make a comparison between us and the Opposition. And we have given them that opportunity and you will see that spectacularly made clear at the end of Mr Keating's statement.

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