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PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH JANA WENDT, A CURRENT
AFFAIR, 19 JULY 1990

E & O E - PROOF ONLY

WENDT: Mr Hawke, thanks for your time this evening.

PM: Pleasure.

WENDT: I'd like to look specifically at one of those States that you hope to cooperate with and that is Victoria. How do you think that that Government has handled the financial crisis that exists there?

PM: Well, that's a good try, Jana. I don't think you'd expect me on a public television program to go into my analysis of what's happened in Victoria, but, I mean, I don't want to dodge your question. Let me say this, that I would think that Mr Cain and his Ministers would have to readily concede that the handling of the economy down there has been less than perfect. I don't think they're going to say, Bob, you shouldn't have said that. It has been less than perfect. The important thing is that they get it right now.

WENDT: I want to ask you specifically about the Pyramid collapse. Do you think that Victorian depositors of Pyramid were justifiably outraged when only last, or this February, the Victorian Government gave them guarantees that all was well?

PM: Obviously when depositors hear what was said in February, then they take notice of that and then when things turn out differently they are going to be disappointed and justifiably disappointed. No-one can avoid the logic of that.

WENDT: OK, so we can't avoid that logic. When we know that the Victorian Government was aware that Pyramid was in terrible trouble, do you think they were wrong in not letting those depositors know that they were aware of that trouble?

PM: I don't know personally the extent of the knowledge of the Victorian Government at the time you talk about, Jana, so therefore I can't answer that question.

WENDT: Well, it is quite clear because the Victorian Government at the time, in March, was actively seeking a buyer for Pyramid. So it knew that Pyramid was in trouble.

PM: It's always - whether it's Victoria or any other State, I think you will have to appreciate fairly, that there is a, there is a dilemma for any Government and whether it's of a Labor or non Labor persuasion, if there are question marks about an institution, a large deposit taking institution and the line between a Government being concerned about that and not saying or doing anything publicly which may exacerbate the concerns and the runs that may be made, I mean, it's a very difficult line for a Government to draw.

WENDT: But what's involved then, Mr Hawke, as I'm sure you appreciate, is 220,000 battlers, depositors, who weren't made aware by that Government that there was trouble.

PM: I understand the concern there and I share their concern and what I am pleased to see is the commitment of the Victorian Government to try and meet the concerns of those people.

WENDT: Are you satisfied that there is a commitment to rectify the problem? For instance, we've seen a number of runs on financial institutions there. The Chairman of the Bank of Melbourne, which itself suffered a run recently, said that there is a political vacuum in Victoria, that there is no political leadership there. What do you think?

PM: Well, I don't accept that there's a vacuum. I don't accept that there's no leadership, but let me make the more important point in regard to the Victorian situation and that is that the Reserve Bank of Australia has made clear that, in regard to other societies in Victoria, that the banks will be provided with sufficient liquidity to ensure that they are not over-run by the problems of the Farrow Group. Now the Reserve Bank has said that and I think that's the important thing for people to understand.

WENDT: Mr Hawke, maybe that guarantee isn't worth all that much because we've seen continuing runs even spreading to NSW. Are we in a position where Victoria might trigger off a financial crisis nation-wide?

PM: No.

WENDT: Can you be sure of that?

PM: I can't set myself up as an authority over and above the Reserve Bank in these matters. I'm satisfied with what the Reserve Bank has said leads to the conclusion

that we should not have and do not have a basis for a national concern of the type that you're talking about.

WENDT: You see Mr Cain thinks that there is potential there for a national crisis. His advice to depositors was, and I'm quoting him, "just sit back and draw breath, otherwise the entire financial system in Australia will be threatened".

PM: Well Mr Cain has said that. I'm saying that the authority in regard to the national situation is the Reserve Bank as far as we're concerned. And the Reserve Bank has said that it will provide the liquidity to the banking system to ensure that other societies are not going to be adversely affected by the collapse of the Farrow group. So that's the important thing.

WENDT: So you're satisfied that Mr Cain is wrong in that regard?

PM: It's not a question of putting me against Mr Cain. I'm simply not going to have my statements set up against him. You can do that if you want. I'm simply saying that my responsibility is to put it in terms of my authority via the Reserve Bank. But let me make this point as to the future Jana, which I think is what you and we're all concerned with. I think that what we've got to do is to ensure that there is effective supervision of the non-bank deposit-taking institutions around the country.

WENDT: Yes, so you obviously feel that there's a need for uniform legislation at least. You see Mr Cain has said that he blames your Government and your Government's policy mix of deregulation and high interest rates for what's happened. Do you accept any responsibility for what's happened in Victoriaaa?

PM: No, the responsibilities in regard to the supervision of these sorts of institutions is, under the law and under the Constitution, with the States. Now this has happened in Victoria, it hasn't happened elsewhere. So it's not appropriate for the Premier in question and the State in question to seek to transfer responsibility.

WENDT: Mr Hawke, there was a time in this State that I'm in at the moment in Western Australia when there were financial disasters that could be deemed to be less than the ones of the Victorian Government and it was seen to be wise to remove the leader of this State. Is it time for new leadership in Victoria?

PM: That is - the leadership in Victoria is entirely a matter for the Parliamentary Labor Party in Victoria. Entirely.

WENDT: Do you think it might be time for fresh leadership?

PM: I do respect you for your ambition in asking the question but I know that you don't expect me on the Jana Wendt program, as great a program as it is, to intrude myself into what is essentially a matter for the Victorians.

WENDT: Alright Mr Hawke, let's move on. Last week the Treasurer took a media entourage, at public expense, to share his passion for the VFL. Do you think that we should be footing the bill for that?

PM: Let me say this, that at this stage of the year the Treasurer is an extremely hard-working individual. He - wait a minute, I'm not dodging your question. He works hard all the year. But we are now in the process of preparing a budget. I mean I've come out to do this program from the Expenditure Review Committee. He's going flat out all the time. It's not a normal period of the year for the Treasurer. I mean his hours are extremely limited and I guess he saved a considerable amount of time in this way. Now there are rules for the use of these aircraft and I assume that they have been abided by.

WENDT: So you think it's ok that we pay for that?

PM: I don't think that Mr Keating is one who, in relationship to the job he does and what he's done for this country, can be seen to have exploited the emoluments or conditions that attach to the job.

WENDT: Former Whitlam Minister Clyde Cameron has suggested that before this term is up, Mr Keating will be sitting in your chair. Is this the kind of statement that you're going to be lumbered with before you do say well I'm bowing out of this?

PM: Clyde's likely to say anything isn't he. I mean he said that. Clyde's made a lot of statements that are wrong. He's made some that are right too. But he's not right on that one.

WENDT: But clearly he's just adding to this feeling that the leadership push by Paul Keating is on.

PM: Well, it's not a feeling that is felt around Canberra I can assure you. Every now and again a journalist or an ex-poly will try and give it a bit of a run. It is a non issue.

WENDT: Doesn't bother you-

PM: I can assure you-

WENDT: Doesn't bother you. You don't resent it-

PM: No. No. Of course I don't resent it. I feel terribly secure.

WENDT: Mr Hawke, well let me move on again. The Attorney-General and the Justice Minister have called for evidence in relation to allegations that a Cabinet Minister and a high profile businessman were involved in a murder. Now has any evidence been brought forward, to your knowledge?

PM: None to mine. And I make a simple point. That if the journalist in question, Mr Thomas Burton has any evidence whatsoever on this matter, there is an enormous obligation on Thomas Burton to take that evidence to the appropriate authorities. And I tell him, do that. If you've got evidence Mr Burton take it to the Federal police or the National Crime Authority. Take it to the relevant authorities. Because if you've got evidence then it should be investigated. And indeed if he doesn't take that evidence then he stands condemned.

WENDT: Have you personally been made aware of the names allegedly involved in this?

PM: No. I haven't.

WENDT: Do you-

PM: May I say as I look at my colleagues around the Cabinet table I don't do so with any trepidation that I'm looking into the eyes of a murderer.

WENDT: Well Mr Hawke, I think on that note we'll leave it. Thank you very much for you time tonight.

PM: Thank you very much indeed.

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