



PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH MATT PEACOCK, ABC AM
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PM: The vision is clear for those who want to see it and who don't put their blinkers of prejudice over their eyes or over their one eye. What are the challenges facing this country? You ask yourself that question then you ask what's the strategy. The challenges facing this country are the current account deficit, inflation and micro-economic reform. Let me take the latter first - micro-economic reform. We've made it quite clear in the period leading up to this budget that on our record we're entitled to look any critic in the eye, and particularly any hypocrit from the Opposition, and say you look at the Hawke Government's record of micro-economic reform and it beats the bejesus out of anyone.

PEACOCK: But in this budget -

PM: Wait a minute. Wait a minute. I haven't finished my answer. We are coming into this budget with the best record of micro-economic reform of any government in the history of this country. Now we've made it quite clear that we have underway, we've already announced a very significant program of continuing micro-economic reform. The particular extensions to that program that we'll be announcing this year, have to wait until after the budget, because as is well known we're going to the Party conference to tackle there certain aspects of our policy which currently act as some inhibition, particularly in the area of telecommunications reform.

PEACOCK: That's the point though isn't it. In the budget at the moment virtually it says watch this space. Does it disappoint you that -

PM: No, it doesn't. It's a very relevant budget in terms of tackling the other two challenges that I talked about. Now, on the micro-economic reform front it's not as though it is simply the budget at this point. We have continuing reforms going on in the waterfront and in the area of road and rail reform we're working with the States in those areas. It's simply that in regard to telecommunications and what we may be able to do in the airlines, on those two particular areas and those two alone, we need to have this matter discussed in our Party conference. I'm confident that we'll get a sensible and

constructive resolution out of that which will enable us, as a government, before the end of this year to announce further significant reforms in those areas.

PEACOCK: But at the start of this term you said you wanted to quicken the pace of micro-economic reform. If anything you've had to delay it, haven't you?

PM: No, on the contrary. The work is being done. It's only in the two areas of telecommunications and the airlines where we need the change of position in the Party. But in all other areas the work is continuing.

PEACOCK: If I can just deal with a couple of items where people have been critical of the Budget - the situation with pensioners. They're saying why not attack the doctors, they're the people that write the scripts.

PM: It's not a question of attacking the doctors. In terms of asking for some restraint from doctors, of course we have delayed the next increase in GPs' remuneration from August to later in the year and they've been asked to play their part. But there's no attack on the pensioners. What has been involved there is a very simple and may I say absolutely necessary reform as far as the future welfare of this country is concerned. One of the most telling statistics in the Treasurer's speech tonight was this, and you'll recall he said that it took almost 40 years for the cost of the pharmaceutical benefits scheme to rise to half a billion dollars. So the next half a billion increase in cost took only four years. It simply is essential that that problem be attacked and that's what's being done with the reforms in the pharmaceutical benefits area. But the important thing as far as the pensioners are concerned is this - that they are not going to be paying the price. They are going to pay the \$2.50 per prescription but that will be for so many of them more than compensated by the \$2.50 a week increase in the pension. No pensioner should be worse off as a result of this decision.

PEACOCK: Mr Hawke, if I could move to the situation in the Middle East. You said originally that our ships were going to enforce the blockade. Has that changed and do you or even they know yet precisely what their role will be?

PM: I've been quite consistent in what I've been saying and I made it clear from the beginning that the precise use of the Australian forces would emerge from discussions that we'd be having with like-minded countries and most particularly with the United States. I made it clear that it was going to take some 22 days for our ships to get from Australia to the Gulf region and in that period we here would be finalising our rules of engagement. Let me make one point on the rules of engagement. There seems to be some stupid assumption on the part of some members of the Opposition from some

things they were saying that when the rules of engagement were finalised that it would become a public document. It just shows how little in fact they know about these areas. But the point is that what we will be doing will be playing our part with others in ensuring, as far as we can, that those sanctions are obeyed. Now if you want to say that's part of enforcing the blockade, it's not an incorrect use of language. But never was I saying look we're steaming over there to shoot salvos into shipping or across their bows. I said we were going over there to play our part and we will. What has been agreed is that the most useful contribution that we can make will be one which I've identified as having the four elements of identification, contact, interrogation and warning. It is clearly agreed with those with whom we talked, and I'd say particularly with the United States who have the largest component in the area, that this is an effective use of the Australian naval asset.

PEACOCK: The United States has described the Americans in Kuwait and Iraq as hostages. If the Australians there at the moment are harmed, what will our response be?

PM: Well we're doing everything we possibly can to ensure that that doesn't happen. I concede that the use of the word hostage by the President of the United States is an appropriate use of language. It's very difficult to describe them as anything else. The evidence is certainly alarming about what seems to be an increasing dispersion of foreigners there to their various aggressive installations. I can say at this point we have no specific evidence of Austalians being in that category but I must say honestly and directly to my fellow Australians that if this sort of thing is happening to others that we can't have any confidence that it's not going to happen to Australians.

PEACOCK: Mr Hawke, thanks for joining us.

PM: Thanks very much Matt.

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