



## PRIME MINISTER

TRANSCRIPT OF INTERVIEW WITH PAUL LYNEHAM, 7.30 REPORT  
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LYNEHAM: Prime Minister, thanks for joining us.

PM: Pleasure Paul.

LYNEHAM: There seems to be a fairly wide-spread sense of anti-climax about the Budget. Did the Government overdo the pre-Budget hype, do you think, about how tough it was going to be?

PM: I don't think so Paul. If you look at the reaction today, in one sense we must have got it right because half the people are saying we've been too tough and the other half are saying we haven't been tough enough. But there's a fair chance we might have got it about right.

LYNEHAM: Right or wrong there is a perception that the absence of statements on telecommunications and the government airlines diminished in some way the stature of this budget creating the impression that you're all running out of steam. Should you have got cracking earlier on these issues and pushed harder on them?

PM: We couldn't have pushed harder than we have in the area of micro-economic reform. I mean you know Paul, you're a careful watcher of the political scene, and you know that there hasn't been any answer from the conservatives or from any commentators to my challenge which I put at the end of last year and during the election campaign. The challenge was simple. I said, you point to any period in the history of this country where a government has undertaken such a massive and quick program of micro-economic reform.

LYNEHAM: (inaudible)

PM: It's absolutely right. But we were honest Paul about two areas that could not be dealt with in the Budget. That is telecommunications and the airlines, the \*\*possible disposition of the airlines or dilution of public ownership. That required consideration by the conference of my Party.

LYNEHAM: What do you think of the idea of using privatisation revenue specifically for public infrastructure like rail, road and public housing?

PM: What you've got to - there's enormous merit in that concept - what you've got to understand is the essential source which you can use and the people ... talking to understand this, is the savings ... interest that you'd get from the disposition of public assets. Because that's the real continuing saving.

LYNEHAM: You use it to retire debt. ... interest you save then goes into -

PM: That is so. I mean, you save - and that's a continuing saving. That's the sense which people should understand. This is not a one-off benefit. That saving ... is a continuing saving and if you're going to have, as I put it Paul, a sound financial platform from which to undertake new and necessary expenditure, that's the way it should be looked at.

LYNEHAM: What do you think of the idea of some form of trust fund for this money, to make sure it is committed in that way?

PM: I'm quite prepared to discuss this issue, but I think that the Party, we've learnt to understand one another. We have our debates, I think, robustly, but directly and in a way where people can trust one another. I mean if the commitments were given that these proceeds would be used in this way, I think people would understand and accept that. But it may be that that concept is, you know, a way of doing it.

LYNEHAM: It is current at the moment -

PM: It's been talked about, yes.

LYNEHAM: The Budget extends the network of computer matching, with tax file numbers linked to more clients of Social Security, Veterans Affairs, students ... and so on. As you guard against fraud, don't you run the risk of creating another sort of problem that smacks a bit of big brother?

PM: I don't think so Paul. Let me make this point, or a number of points which are relevant to a very appropriate question. Firstly we have had and will continue to have discussions with the Privacy Commissioner about this because we understand that in meeting the objective of matching the revenue and outlays information in regard to clients of the paying agencies, that we must also ensure that we respect privacy. So there has been continuing discussions and there will continue to be discussion with the Privacy Commissioner. The second point to make is this, that what we're doing here is doing in a new technological form what has been done manually to this

point. I mean there is this manual checking that goes on and this is taking advantage of the most recent technology for the benefit of the Australian people so that they won't be paying -

LYNEHAM: But the Commissioner recently was fairly underwhelmed with the performance of some Government departments in their internal security of this sort of information. What -

PM: Well I mean we've always got to be on our guard and we will always listen to what the Privacy Commissioner has got to say. We will develop this technique which is there to protect the Australian public from fraud. We will ensure at all times that we have the involvement of the Privacy Commissioner. Let me say this, that there will be no centralised data bank created out of this process.

LYNEHAM: What's wrong with pensioners keeping their money in low interest accounts or indeed doing anything else they like with it?

PM: Well there are these things which are silly about it. Firstly it means that they are, those who need less to do it, are most subsidising the banks. It is crazy that the banks take the money - and they're entitled to it, I mean I'm not saying they're acting illegally, but they take the money, millions and millions of dollars from the elderly to put it in their three or four per cent and then the banks say thank you very very much then lend it out at 18%. That's good for the banks but it's not very good for the people concerned.

LYNEHAM: But even if you keep your money under the mattress now it's now deemed to have earned 10% interest.

PM: In regard to the first \$2000 there's a cut-off there because we recognise that people will want to have some ready availability for what they see is immediate needs. But over and above that there will be deeming. But let me make this point. We understand that this may be confusing and worrying for our elderly citizens so we're going to put more money into the Social Security area to provide financial counselling for old people. I think we have that obligation.

LYNEHAM: How will you know who's got money under the mattress though?

PM: Well we're going to give people an opportunity, there's going to be this amnesty period where people can, I mean if they haven't been, you know, if they've been getting a benefit when they shouldn't have been, the amnesty will enable them to come clean so that there's a clean start. That will encourage people I think. They will understand, because there is - look, I haven't spent seven and a half years as Prime Minister doing more for

pensioners than has ever been done before, for the first time to get the pension as a proportion of average weekly earnings over 25% to take pensions, as they totally will be by 1995, out of the tax system. I haven't done all these things to start hurting pensioners now.

LYNEHAM: The Middle East. Are you disappointed that the five permanent members of the Security Council are still not able to agree on any UN endorsement of the multinational blockade force?

PM: There's a hiatus in the process, as I understand it, when they were considering it that it was related particularly to the possible berthing of an Iraq ship in Yemen and Yemen gave an undertaking that they wouldn't accept the ship. So there was an adjournment of the proceedings. We've recently, in the last 24 hours or so, had the meeting of the Western European Union countries who have stiffened up their resolve in this area. I think wherever you look around the world now, I mean interestingly, including Libya, you've seen Gadaffi standing off now from Iraq in a way that he hasn't done before. I mean any rational assessment by Saddam Hussein and those around him must lead to the conclusion increasingly Paul that the best interests of their people are served now by withdrawing from Kuwait.

LYNEHAM: The detailed rules of engagement of our vessels, once they are worked out, they'll be kept secret?

PM: Yes of course. What will be done is that they in fact are conveyed now, as they are to our naval forces that are going there, they'll operate under those on the way. And if there are changes as a result of any further discussions they'll be conveyed to them. But of course they are not made public.

LYNEHAM: But if there's any major change in the role of the vessels will the public be told?

PM: Obviously, I've made it clear that if there's any change in the role I've given these undertakings. That I would consult within the Party, I would consult with the Leader of the Opposition, and there would be a decision by Cabinet. Now even if I wanted to keep those things secret, I mean I think I'd find it fairly difficult ... But of course I would want to make it publicly known if there were any change in those circumstances.

LYNEHAM: Exercise Swift Eagle in North Queensland, they're practising a rescue of Australian hostages. I assume the timing of that is entirely co-incidental?

PM: Yes.

LYNEHAM: Would you ever contemplate trying to do it for real?

PM: I think it would be totally unrealistic to imagine that Australia in the circumstances in question could do that.

LYNEHAM: Is there any other option in this regard to the Australian hostages but to concede that we are regrettably, virtually powerless in this situation and that we've just got to try and wait for a resolution of the crisis?

PM: Not just wait for a resolution, we've got to try and work for a resolution of the crisis. But in the terms of direct rescue, in fact you put it correctly, that the right thing that we've got to do, and this is why I have sent Gareth Evans off today - he's going to Europe, he'll be going to Cairo, he'll be going to New York and Washington. Australia as is usual in these sorts of circumstances will be right there in the forefront, working hard to try and get a peaceful and diplomatic resolution of this tragic situation.

LYNEHAM: Does he have a specific brief, any detailed plans?

PM: Well my instructions to him were to see as many people as he could of significance and to exercise whatever influence he could to strengthen the resolve of people to try if possible to get aid and even full United Nations cover and to make it clear, as I've said, that Australia is not an enemy of the Iraqi people and that Australia would be at the forefront if the Iraqi leadership withdraws. We would be at the forefront of trying to restore a situation of normal and constructive relations.

LYNEHAM: There have been reports that Australian resident Edith Puckeridge of Adelaide has been rounded up by the Iraqis in Baghdad. Have you any more information on that?

PM: All I know is that the woman in question - Mrs Puckeridge - to whom you refer, who travels on a British passport but is a long term Australian resident, and therefore we accept a certain responsibility, is one included amongst a number of foreigners who have been taken from their hotel. We're not sure where they've been taken.

LYNEHAM: Let me just repeat a question I asked when we last spoke. If Saddam Hussein starts to harm the Australian hostages, would that give you any second thoughts about our ships?

PM: No. It can't do. That's a hard answer but it's a direct answer. The principles that are involved here are fundamental if the world is going to be able to live in a civilised relationship, nation with nation and people

with people. No one regrets more profoundly than I do that Saddam Hussein has resorted to these terroristic, uncivilised codes of behaviour. I deeply hope that, if not Suddam Hussein, that those around him will come to understand that their interests of their people are being ill served, that the Iraqi people in one way or another can only suffer grievously from a continuation of the occupation of Kuwait. I still - being I suppose Paul by nature an optimist - hope and tend to believe that sense will prevail. I hope it does.

LYNEHAM: You've been portrayed in this crisis by some as President Bush's lap dog. Analogies have been drawn with Vietnam and all the way with LBJ.

PM: Let me make some points about that. I'm glad you asked the question. It is an absurdity, it's an insult which I reject completely, I repudiate it. Let me make these points. My consideration of this issue started well before the conversation with President Bush. There had been discussions at the diplomatic level and at the armed forces level. The discussion with George Bush was not the initiation. It was the end of a process. I could have announced it twenty four hours before perhaps. But it seemed to me appropriate that I should have that discussion. So I reject completely the absurdity of that observation. I know you're not making it but you are right some have made it. It is a nonsense with no foundation. Could I just make one other point Paul because your question was a very important one - but you went back to an earlier age, you talked about Vietnam. Let me make this point and I hope that your viewers will understand the significance of this point. You can't look at this crisis through the spectacles of the sixties or seventies because in that period the possession of a long range missile capacity to deliver weapons of mass destruction were the exclusive preserve of the super powers. But now a nation like Iraq with a population of about the same as Australia and with a GDP significantly less than Australia has such weapons.

LYNEHAM: So it's a different ball game?

PM: It's a different ball game entirely.

LYNEHAM: Prime Minister thanks for your time.

PM: Its been my pleasure Paul, thank you.

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