



PRIME MINISTER

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E & OE - PROOF ONLY

JOURNALIST: Mr Hawke are you aware of reports that the Malaysian Prime Minister has ordered the Australian Ambassador in to be carpeted over the Australian series Embassy?

PM: Yes I've seen the report and I just want to say these things about it. Firstly, I haven't had the opportunity of, at this stage, talking with my people. I'll do that in the near future. Secondly, I want to say that, of course, the ABC is a totally independent organisation of the Government. We don't control the ABC, in fact, you might have noticed that at times the ABC has even been critical of me. Thirdly, I can assure my friend, Dr Mahatir, that no offence would ever have been intended towards himself, his Government, or the people of Malaysia but I will get a full report on it.

JOURNALIST: Mr Hawke, there's a report in this morning's press that Abu Nidal was somehow responsible for the sailors being told not to wear their uniforms. Is that correct?

PM: You'll appreciate that I never have and never can comment on secret intelligence matters and I don't intend to on this occasion.

JOURNALIST: Is there any evidence that they're operating at all in Australia?

PM: You heard my answer.

JOURNALIST: Mr Hawke, since you last expressed your optimism about the economy there's been a report from your own Government that the figures are showing the worst bankruptcies, consumer and business bankruptcies, in five years. Have you any comment to make on those figures?

PM: I'll simply repeat what I've said in the Parliament which is indisputably the fact. Firstly, that while there is pain in the community, which I regret has been necessary, the fact is that this country is not anywhere

near in as bad a recession shape as it was in 1982-3 when we came to office and rescued this country from the worst recession in 50 years. Doesn't matter what statistic you look at. Whether it's employment, you'd had five quarters of negative employment growth then. Now you haven't got negative employment growth. Whether you look at investment, whatever statistics you look at it was much worse then. We've had to slow the economy down because we were bringing in at pre-existing levels of activity an unsustainably high level of imports. Fortunately, it seems now that the impact of the tight policies that we've had to impose have had sufficient an effect. As I've said with the easing of monetary policy now I think we will see as we go into 91 the sort of recovery in the economy that we want to see.

JOURNALIST: Is there a danger of the property market overheating after yesterday's drop in home loan interest rates?

PM: Not overheating. It had dropped very considerably, as you know. There will be some recovery I think. The easing of monetary policy was necessary because we'd gone as far as was necessary to slow the economy generally but as I say I think there will be some recovery in property prices.

JOURNALIST: Is there more short term relief on the way for home owners?

PM: We are not making any commitments about further movements. I think we've shown in 1990 with the five drops we've had now in rates since January that we have been prepared to be flexible in the conduct of monetary policy. We mustn't be irresponsible. We can't afford a situation where you drop rates that low that you run the risk of turning the economy to such a high level of activity that we'd have the same current account deficit problems that we had to deal with before.

JOURNALIST: Mr Hawke -

PM: Just a minute. There are a number of other people. You've had three. Yes.

JOURNALIST: Are the banks being flexible enough?

PM: There was some evidence, as you know, that the banks perhaps weren't as quickly as we thought they should have been translating the falls in official rates through to rates to their customers. That they may have been trying to adjust the significant book losses they'd had from some of their corporate decisions. As my friend and colleague, Paul Keating, has said the evidence now does seem to suggest that they are getting now back to more appropriate procedures. We certainly hope that that's the case.

JOURNALIST: Do you think next week's airline deregulation will result in real competition?

PM: It has already. You could see that there have been significant cuts in airfares round Australia as they are getting ready for that deregulated environment. That's what we expected would happen. It's a remarkable thing about Australian politics and it's relevant to say it here in this electoral context here. The great hypocrisy of Australian politics is that the conservative parties whatever name they happen to go under. They change their names as frequently, and you know about that up here, as other people change their clothes. The conservative parties are the parties in Australian politics who have talked about competition, free competition, creating free competition, getting the market going. They presided in this country over the throttling policy of a two airline policy which meant that there was no competition. It took my Government to bring that two airline policy to an end and as a result the people of Australia are going to be the beneficiaries of that.

JOURNALIST: There are complaints that some of the budget airfares advertised aren't available.

PM: Well I don't run the airlines. What I do is to create the environment within which without any doubt there are now occurring round Australia significant falls in airfares.

JOURNALIST: In relation to the Territory election, Mr Hawke. Do you think it's legitimate for Marshall Perron to have used the forthcoming Premiers' Conference in Brisbane as what he calls the catalyst for this election?

PM: There've been many pieces of hypocrisy of which conservative politicians in the Northern Territory have been guilty. Marshall Perron with this one just about takes the cake. He says he's called the election to seek a mandate going to the Premiers' Conference. This is an absolute nonsense. In fact, if anything, he's reduced the effectiveness with which a Government of the Northern Territory can go to the Conference cause it may be that the result of the election wouldn't be known by the time we go into the Conference. Although I think it will be and that Terry and the Labor Party will be forming the Government. But that runs that considerable risk. Now he's created a quite false set of expectations as to what the Premiers' Conference is about. That he's going to come there and talk about Aboriginal affairs, about ATSIC. Those sort of things aren't on the agenda. It's important to note that every other Premier and Chief Minister is taking this Special Premiers' Conference very, very seriously indeed. In saying that I refer not merely to my Labor Party colleagues but I particularly and specifically include Nick Greiner, the Liberal Premier of New South Wales. None of them are playing

politics with this. They're going in there, we've had significant discussions, we're going in there to try and ensure that constructively and cooperatively together we can deal with issues where there is overlap of functions. Deal with questions of microeconomic reform and so on. Now not one leader in Australia has attempted to play politics with this except Marshall Perron. The people of the Northern Territory, I think, ought to be disgusted with the way in which in regard to this historic move, this Special Premiers' Conference, so regarded by my political colleagues and my political opponents, a very, very important move. All this man here can do is to play politics with it and in so doing, to some extent, prejudice the interests of the people of the Northern Territory. A thoroughly despicable move.

JOURNALIST: Mr Hawke, while you're here would you be prepared to address the issue of the Barunga statement painting?

PM: I've already done that. I've had the communication from those concerned. They've said it's appropriate that it should be kept in Canberra.

JOURNALIST: Mr Perron has called for a relief to petrol prices in the Northern Territory.

PM: When does this man stop playing politics. I mean he just happens to have an election coming up. So he sends me off a letter which everyone who knows anything about the situation knows is a stack of nonsense. We have a position where the price of crude oil is thoroughly volatile. It moved from US\$20 per barrel before the Gulf crisis went up to over 40 now it's back down in the mid-30's. You don't conduct economic policy on the basis of volatile prices like that. The much more sensible approach to that is what has been adopted by my friend and ministerial colleague, Bob Collins. After consultation with his friends here in the Northern Territory to say well look there may be some questions about petrol pricing across the north of Australia generally would we be prepared to look at that. We have. We've got a committee there that he's now establishing of parliamentary representatives. All of them, of course, Labor Party because we represent the north of Australia. We'll look forward as a Government to the work of that committee to see if there are some things that we may be able to do to fine tune policy in regard to petrol policy and help. That's the way to do it. Sensibly like that and not to play ridiculous politics like Marshall Perron is now.

JOURNALIST: Mr Smith says he's calling, if elected, he'll call on the Federal Government to help support a railway from Alice Springs to Darwin.

PM: If they want to approach us on that. We will always listen to what the Government of the Northern Territory

has to say. There have been approaches before. At the time when we were approached before it didn't, on the basis of the approach that was made to us, look to be viable. But there may have been some changes since then that Terry wants to put to us after assuming Government. I would always listen to what he had to say. For instance, also, he's got some ideas about reducing the impact of electricity charges here in the Northern Territory. Perhaps by charging me and the Commonwealth a bit more and his own Government facilities so that that could then be hypothecated to reducing electricity charges to domestic consumers. Now these sort of things together, may I say, with the idea of the form of the Treasury operations, which he's suggesting, shows an imaginative and vital approach to government for the Northern Territory. In regard to the Treasury Corporation idea there what Terry is saying is that there are ways in which you can get significant savings over and above what's done now. Where each utility or facility goes about the business of working out it's own fundraising and then doing it through private merchant banks or the like. Now the idea he has in mind is imaginative and more in line with what's been done in New South Wales and Queensland. Where it would be done centrally and the Treasury Corporation would itself do the operation of raising those funds. In that way it could be a significant saving to the Territory. So all these sorts of things show that Terry and those around him have approached this question very seriously. You've got the great contrast between Terry Smith and Labor. They're not trying to play politics in this election. They are saying you've had a long period of conservative Government here and it really has degenerated into a pathetic sort of Government over the years here. Against that and where desperately they are trying to play politics. Introducing race into it by completely misrepresenting the nature of ATSIC saying that ATSIC is the fourth tier of government. There's not a conservative politician round Australia who's said that. In fact, I pay credit to the other conservative parties around Australia who have responded positively to my call to say let's be bipartisan in the approach to this fundamentally important issue of how constructively we deal with our Aboriginal friends. How we try and get a decent constructive effective relationship. But again in the whole political spectrum there's one man and one party that stands out. That's Marshall Perron and those around him here who've introduced this nasty element of racism into the election. For which they have properly received the rebuke of a wide range of unpolitical people in this country. Now that's the sort of choice you've got. A man and a party who are about issues how are you going to improve the conditions of the people in the Territory and those who are desperately, whether it be in regard to the Premiers' Conference, ATSIC, petrol prices, just treating Northern Territorians as though they were idiotic children. Now I don't think they ---

JOURNALIST: Mr Hawke just on a lighter note. Who would you be backing in the Caulfield Cup?

PM: Very, very difficult. I'll tell you what I think the chances are. Then if you force me to I'll try and pick one. The chances I think are Sydeston, I think Shuzohra, Solar Circle and there's one down the list. It'll come to me in a minute.

JOURNALIST: You know that you can bet on the Territory election at the races here today?

PM: No I don't bet I just help to get the result. I think Terry's a good bet. I confine my betting to the gallops.

JOURNALIST: Well how important do you see your visit here to Terry winning the election?

PM: I don't want to overstate it. They've been kind enough to say that it could be of some assistance. I hope it will be. Essentially what the people of the Northern Territory have got is a very clear choice between a tired Government. Proof of it's tiredness and lack of policies is, as I say, these red herrings. The introduction of race, the complete misrepresentation about the Special Premiers' Conference, the nonsense about petrol pricings. Those are the signs of a tired, irrelevant Government. Against that you've got a vibrant, imaginative group of people led by Terry who really are about wanting to deal with real issues. If in any way I can assist in getting those issues somewhat clearer in the minds of voters well I'll be happy.

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