



PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, MOONEE VALLEY RACECOURSE,
MELBOURNE, 21 NOVEMBER 1990

E & O E - PROOF ONLY

JOURNALIST: Prime Minister, do you think there's a danger with the wage/tax trade off that the \$500M ... economy that it could refuel demand?

PM: No, I don't think we've got any problem there. What you've got to realise is that if the wage increase of the 0.7% had been granted that would've put more money in the pockets of wage and salary earners but it would've fed into our cost an inflation structure and on the balance of our considerations it was much better from everyone's point of view - employees, employers and the community generally - that we should take this opportunity of further reducing the inflation rate. Now I ask you to remember just what's happened in this period since the election. We've had significant successive reductions in interest rates, significant reductions in the inflation rate and while we've had to slow the economy down and so we've seen some reflection in the employment area. What we are now doing is setting the base for a solid economic recovery next year.

JOURNALIST: Mr Hawke, ACOSS says it would've preferred the lower income people to have higher wages and lower taxes. How do you react to that?

PM: Well I talked with the ACOSS people yesterday and pointed out to them that in fact the concentration of the benefit was in the range from \$12,000 per annum up to about \$30,000. In other words it was in the area of the lower to middle incomes who were getting relatively the greatest benefit out of the tax cuts.

JOURNALIST: ... union rank and file endorsement like?

PM: It's been pretty good in there to me.

JOURNALIST: Well the BWIU, Sir, is already saying it will oppose the deal?

PM: Well you see we don't deal with a particular official or a particular union. We deal with the Australian Council of Trade Unions which represents the whole trade union movement and they have not only endorsed the deal but they think it's an appropriate deal, which of course it is.

JOURNALIST: But the ACTU executive has yet to endorse the deal.

PM: Would you like to have a bet? The Spring Carnival's nearly over. Would you like a bet?

JOURNALIST: No, I wouldn't care to bet.

PM: No, I didn't think you would.

JOURNALIST: Mr Hawke, going back to the ACOSS position, surely the timing of the tax cuts is wrong. Shouldn't it have been better if the benefit came before Christmas when the -

PM: They know that the amount of money is there, it's scheduled, the legislation is in place for it to be in January and the balance of benefit obviously is in it being by way of tax cut rather than a rather small wage increase and that can only be effected in January.

JOURNALIST: ... inflation benefit, is there any chance that the Accord Mark VII ... similar wage/tax deal in an attempt to push - dampen inflation in ...

PM: It's too early to say on that one. We've shown a very considerable degree of flexibility in the negotiations we have with the trade union movement to try and get what for the community overall is to be the best outcome. Now all options are open but no particular item is on the agenda.

JOURNALIST: Is there a danger that workers may see that they are being asked yet again to endure more wage restraint?

PM: This is getting boring, if I may say so. Is there a problem, is there a difficulty, what's this particular draw back? Why don't you face up to the fact that this has been welcomed by the trade union movement generally, it's been welcomed by employers, it's been welcomed by responsible economic spokesmen. Why? Because it is going to give Australians a further opportunity to cement into the system this downward inflationary movement so that as compared with the rest of the world where inflation is rising, in Australia it's coming down and we're closing the gap. Why do you always have to try and look for a draw back? Why don't you understand that this is something which is for the benefit of all Australians? I mean, just once, just once do you think it mightn't be a bad idea to say, gee, some good news? You've got a psychological hang-up have you, about seeing some good news for all Australians?

JOURNALIST: Mr Hawke, can I just change the subject?

PM: Yes, it would be good.

JOURNALIST: Senator Haines, what do you think of her comments saying that our hostages are being left to rot?

PM: Well I think Australians will make their own judgement about that. I won't use the language I'm inclined to. It is deliberately untrue and she knows it to be untrue. What good she thinks she does herself or anyone else in speaking like that escapes my comprehension. Australians will judge her.

JOURNALIST: inaudible

PM: Well you'll have to ask her.

JOURNALIST: Three Australian families have now accepted invitation to spend Christmas in Kuwait or Iraq. Is that making your job difficult in that area?

PM: No, I don't make judgements about the actions of families in those circumstances. I mean let's be understanding and compassionate about this. Who can put themselves - I certainly don't attempt to put myself in their minds and in their hearts. They are going through a great trauma. They must make their own judgements.

JOURNALIST: Well what do you think about the Iraqi Embassy's offer for Christmas accommodation?

PM: Well I mean what do you think about it? I mean here is a regime playing with the lives and the emotions of people whom they have seized against all international law and international convention. I mean it is - how they are treating these people in making them pawns in an attempt to get some justification for their totally unjustifiable annexation of a neighbouring country is unacceptable.

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