



PRIME MINISTER

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TRANSCRIPT OF PRIME MINISTER ON 2UE - 21 AUGUST 1985

JONES:

The Prime Minister is on the line. Good Morning Prime Minister.

PRIME MINISTER:

Good Morning Alan.

JONES:

Well Prime Minister you've got a bit of a fight on your hands if the polls are to be believed I suppose.

PRIME MINISTER:

Well the last poll has us in front.

JONES:

That's right.

PRIME MINISTER:

Now that's the sort of fight I like. Are you saying I've got to fight to get further in front - and that's right, and we'll get there.

JONES:

Right. Well congratulations firstly on the youth initiatives. Some commentators argue that you're long on rhetoric and short on facts. I must say that I feel that we're most probably a bit short on rhetoric these days. Do you think that there's a greater need to encourage young people to be ambitious and positive and committed?

PRIME MINISTER:

Indeed I do, Alan, but I mean it's no good just urging them. You've got to give them a realistic framework within which that ambition has the opportunity of being achieved. And I believe we've struck just the right note. I've been very impressed, Alan, as I've moved around and talked with young people that contrary to the sort of knocking that goes on from a lot of older people about our young - I believe we are enormously fortunate in the quality of our young people. They want to work. They really do. There is a very, very miniscule minority who don't want to. But there haven't been enough jobs for them. So what we've got to do, Alan, and particularly what the traineeship is about is to direct our attention to those young people who haven't, for one reason or another - and it's normally not their own fault - the opportunity of going on to

PRIME MINISTER (cont'd):

either tertiary education, further technical training, or apprenticeships - the kids that either have had no job or have gone into dead end sort of jobs. So the traineeship idea is about giving financial incentive to employers and to the training institutions to have kids going into these areas being trained on the job and then having a quarter of the year off the job to have a broader training so that they just don't stay in dead end jobs but get the capacities they've got developed so that they can move on to more satisfying and rewarding jobs and that's the idea.

JONES:

Is the setting of the rate at \$90 perhaps a concession that your minimum award rates may be a factor in preventing people from putting young people on?

PRIME MINISTER:

No what is involved there is, you see what Paul said last night was that they'll be negotiating between employers and unions taking into account time spent at the work place and it will involve payment of at least \$90 a week. Now that's recognising that you can't be expecting employers if they are going to not just having people working for them but some of the time is going to be spent training them, and some of the time - about a quarter of the year - is going to be spent away from the job in training institutions, that you can't have the expectation that you're going to get a full award wage when a lot of it's going to be training away from the job. So it's directing yourself to the realities of the sort of employment and training mix that will be taking place, Alan.

JONES:

Right, well now PM difficult problems in relation to the framing of the Budget - and I suppose a lot of public attention on the deficit and particularly on wages policy - do you feel that in spite of the fact that you've achieved this desirable dip underneath the \$5 billion and a very significant reduction in the deficit which I'm sure the community would welcome, that there is nonetheless a bit of a time bomb inside that given that PAYE continues to go up and there are a lot of people who'll be moving to higher marginal tax rates if we can't get them some relief.

PRIME MINISTER:

You appreciate that we will be bringing down a tax package next month where we will be directing our attention to the level of rates and we've recognised from the beginning of the tax discussion at the end of last year that the rates have to be reduced and they will be.

JONES:

Right. Well now wages policy: there's a very firm commitment, which I'm sure has been welcomed by the community, that you can't be passing on problems with the movement in the dollar into wages. But it does focus on the fact that much of your success is derived from the importance you've attached to the Prices and Incomes Accord, and yet full wage indexation is a central plank of that. How do you see your ability to resolve that seeming conflict?

PRIME MINISTER:

That's an important question. Let me make these relevant points: the Accord refers to the importance of full wage indexation, and it also in the context of the Accord refers to taking account of relevant economic circumstances. And what we're saying - not merely to the trade union movement but to the whole of Australia is that we've been given an enormous opportunity by the competitive advantage bestowed upon us by the devaluation and that means that Australian industry can now better compete on overseas markets and can better compete against imports. Now we don't want to dissipate that advantage by passing on the effect of the devaluation into wages. So we are asking for that to be taken into account. Not that we're walking away from the commitment to the maintenance and through time the improvement in standards. That's a legitimate expectation of Australian working men and women. What we're going to do is say well now look we've just got to take account of this now in a number of ways - including discounting we're saying - and that will mean that the existing jobs which people have will be made more secure. But importantly it means that we'll create thousands and thousands more jobs for the kids of people who are working. And I believe that working men and women are concerned, not just for themselves, for creating opportunities for more jobs - particularly for their own kids.

JONES:

Quite right.

PRIME MINISTER:

And that's what we're about.

JONES:

Yes I think there'd be widespread support for that. PM I just wonder - one of the real problems that most probably Australia doesn't understand nationally is this problem about trade. Difficulties with the commodity prices in the world and then the problem about the import prices because of the dollar movement. Are you worried about this growing trade deficit and the problems that we're going to have in reducing it?

PRIME MINISTER:

I don't want to go into technical economist jargon but what we're experiencing is j-curve - that's the language of the economist - which simply means that in the immediate impact of devaluation you get a worsening of your current accounts because the price of imports goes up. But then when the devaluation starts to go in and be taken advantage of so that your Australian industry can compete better against imports and is more competitive in the export market, then you come into the position where you get the benefit of the devaluation. And they's why - I mean it's a very logical question for you to put after the previous one - that's why it's so important to ensure that we get those benefits and don't dissipate them.

JONES:

Sure. Well Prime Minister you're busy and we've got to take the news - as we always seem to have to do when I'm talking to you - but thank you for speaking with us this morning and good luck because I think the community is certainly prepared to support the initiatives of the government to keep the economy going and to

JONES (cont'd):

see that we can compete satisfactorily internationally and that's the objective of all Australians.

PRIME MINISTER:

Well thank you Alan. I think Australians are entitled to be proud of the Budget that Paul Keating has brought down for the government. I think it's going to be great for all Australians.

JONES:

Thank you Prime Minister. The Prime Minister of Australia, Mr. Bob Hawke.
