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**PRIME MINISTER**

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TRANSCRIPT OF PRESS CONFERENCE WITH MR JIM KIRK AND  
MR BARRY COHEN - 22 NOVEMBER 1985

Ladies and Gentlemen, I would like to take this opportunity of introducing to you Mr Jim Kirk and say on behalf of the Government how pleased we are that Jim has accepted my offer and request to him to be come the Chairman of the Australian Bicentennial Authority. I would like to say at the outset too that I am pleased that when I consulted the Leader of the Opposition, Mr Howard, he indicated full support of the Opposition for this appointment. I would just briefly like to say one or two things about Mr Kirk, he would be well known to you. He served in the Royal Australian navy during the second world war. Very importantly he became, in 1976, the first Australian Chairman and Managing Director of Esso Australia. A company with which he has had an association with for some 49 years, I think, Jim. He was the co-founder of the Business Round Table which was one of the organisations which merged into the Business Council of Australia and on the formation of the Business Council of Australia became the original Deputy Chairman of the Business Council of Australia. He is on the board of the Macquarie Bank. He has also had an active association with the PBEC which is the Pacific Base and Economic Council of which he is Deputy Chairman. He is a past president of the Australian-American Association. The Government believes and I am very pleased, as I say, this is a bi-partisan position, the Government believes that Jim Kirk brings to this position all the qualities which will ensure that the preparations for and then the celebration of the Bicentennial in 1988 will be in the very best of hand and will ensure that it will be a year in which Australia can be proud. I will just make this final point and that is that in regard to the position of the Chief Executive who regarded it as appropriate that we should make the appointment of the Chairman first and one of Jim's initial responsibilities will be to look at the organisation, to fork his judgment as to the sort of person that will be required to work with him as the Chief Executive. Under the legislation it is the responsibility of the Chairman to make that appointment. He will, of course, be consulting with me but essentially this will be the responsibility that he will have. And I am certain that he will be able to find a person who will discharge that responsibility admirably. Therefore with Jim in the position and the Chief Executive position to be filled the Government has total confidence in the successful preparations of the Bicentennial.

**JOURNALIST:** Prime Minister, did the problems of the Bicentennial make it difficult for you to convince anybody to take the job?

**PM:** No, it didn't. You will appreciate that we were fortunate in getting John Utz and I should, in introducing Jim, have said I

did in the press release how indebted we are to John for filling in that interim period. John Utz was prepared immediately to step into the breach that was created and we have deliberately taken our time. We have thought about this. There was no difficulty and indeed Jim's name was one which emerged not just from one source but from a number of sources and I am pleased to be able to say that as soon as I raised it with him he was affirmative in his response.

JOURNALIST: Was there no one on the board at the moment who was suitable or available Mr Hawke?

PM: The composition of the board as you will appreciate. A representative one and from States and groups and it was not the source to which one would look for this position.

JOURNALIST: Mr Hawke, what is the state of play on the consideration of trying to get back the money after ..... \$500,000 payout?

PM: The interim Chairman Mr Utz put this matter in the hands of a solicitors and council and I as understand it he is still awaiting advice from them.

JOURNALIST: Mr Kirk being realistic about it, how hard is it going to be to find a Chief Executive and would you have a preference for an Australian over perhaps anyone from overseas?

KIRK: Well, the second half is pretty to answer. I would have preference for an Australian because I feel that the Bicentennial is an important event for Australia and I feel that all those people out there that are Australians that feel same way and we have got to do something good about it. So we should have an Australian doing it I think. Now difficult it is going to be is, I think, probably very difficult because remember it's a short tenure and we'd offer something but we don't offer any long term job for the individual. So it's not going to be easy but we'll find the right person.

JOURNALIST: Sir, what attracted you to the job of Chairman?

KIRK: I guess the challenge as much as anything and the fact that Australia has done a lot for me over the years. And if I can contribute something back, I am happy to do so.

JOURNALIST: Sir, when would you like to have an appointment of Chief Executive? This side of Christmas?

KIRK: I'd like to but I think we will be lucky if we have anyone in line by then. This is the wrong time of the year to be looking. But we will be trying. If we find somebody next week I would be making the recommendations.

JOURNALIST: What do you see as your first responsibility given the controversy that's surrounding the Bicentennial of late? How do you propose .....

KIRK: I guess as an Australian I'd say to find out what the

hell's going on. I don't really know, you know I'm the new boy and I have got to find out what exactly exists. I suspect that there is a lot of good there just waiting to surface.

JOURNALIST: What sort of ideas do you have for the Bicentennial?

KIRK: That's a good question you know. I like the thought of the tall ships. I happened to live in New York at the time of their Bicentennial and I saw the big ships. And that impressed me and I was also impressed by the way the little, I guess you would call them villages in the old days but they are still 20,000 or 30,000 people cities in the US had their little programs and what had generated in the way of national support. And I think that these committees that we have got could well lead to the same sort of thing here. Because the Bicentennial is for Australians for Australians you know. It is not really for governments or for others sitting at the top, it's for the whole of the people of Australia.

JOURNALIST: So you would like a fairly decentralised set of celebrations?

KIRK: Well, you know, I don't like work so I'm a decentralist from way back.

JOURNALIST: Do you envisage any changes in the direction of the programs so far?

KIRK: I am really not in a position to know. I have had a briefing paper that I got yesterday that makes me an expert. You know, anybody that has ready something like that after 24 hours is an expert. But I really couldn't tell you whether they are good bad or indifferent. They look pretty good on paper.

JOURNALIST: With your background though, would you be interested in introducing some new themes. Perhaps private enterprise .....?

PM: This bloke has got a monopoly on it you know.

KIRK: I am really a believer in the work ethic and I am certainly a private enterprise individual. I have been all my life. But also I recognise the responsibilities of governments and others and you know it's a two way street. You couldn't operate the country without a government and I doubt if the government could operate satisfactorily without private enterprise so it's a two way street.

JOURNALIST: Do you think .....?

KIRK: I don't yet know what public servants I have got to work with. But I can tell you that if - I am regarded generally as a peoples man I think in most of these parties. When I left the company they always said that and I get on well with people but if they run me the wrong way I am a little bit intollerant so we'll see what happens.

PM: Talking about people there is one think I meant to say in introducing Jim that I was in Melbourne recently and had the

pleasure of presenting Jim with the Award for 1985 of the Business and Professional Womens and Advance Australia Affirmative Action Award for the businessman who had done most to advance the cause of Affirmative Action in business in Australia. So it's, I think, a very relevant aspect of Jim Kirk's background.

JOURNALIST: Mr Kirk, given all the difficulties that are apparent in the job. How much would the bloke or blokette that you employ as Chief Executive - how much should he be paid?

KIRK: Well, that's a good question you know. You have got to make sure that you pay for the job to be done but you also can't disturb a whole other pay schedules of many other peoples in the process. What we may be doing is looking for somebody from the private sector to perhaps be seconded with us contributing something. But I really haven't had time to work out anything there and I can't tell you whether it will be a man or a woman. A woman has got just as much say. In that Award I got they gave me a badge that says now I was an honorary woman. And I look under the shower every morning to make sure.

JOURNALIST: What was the result?

KIRK: I haven't changed as far as I can see.

JOURNALIST: Mr Kirk, what sort of severance arrangements have you negotiated?

PM: Now, Paul, cut it out.

KIRK: Maximum.

JOURNALIST: Mr Kirk, do you believe Dr Armstrong or Mr Reid were badly treated in any way?

KIRK: I don't really know to be honest. You know, I read no more than what was in the newspapers, nothing else.

JOURNALIST: Well, from what you read in the newspapers?

KIRK: I hate to say it amongst this wonderful group but I get confused with what I read in the newspapers most of the time.

JOURNALIST: Were you wary about taking the job on because of what happened to Mr Reid and Dr Armstrong?

KIRK: Not really for that reason. I have got enough confidence in the people report in any circumstances to say that if I do a job they will recognise it. If I don't they will recognise it too. No, that doesn't trouble me. I was a little bit worried whether after turning 65 and retiring after 49 years as to whether I should take on something as responsible as this but I feel I can contribute so I did.

JOURNALIST: Mr Hawke, apart from the appointment did the Cabinet make any further decisions in the discussion on the Bicentennial today?

PM: Yes we had an overview, Michelle, of the national program and let me say this that, that will now that the Cabinet's done that will be going with Mr Kirk to the board, the next meeting of the board and with approval of the Government they will now be proceeding to flesh out now the details of that national program. A lot of it has already been done and I think I can say on behalf of Jim, because we did talk about this, that if in the relatively near future, after he has had the meeting with the authority, he would be in a position to have a more detailed press conference where there could be an opportunity for you to have a closer look at the sort of things to be developed in the national program.

JOURNALIST: How much of a role will the updated public service division now be playing in this whole program?

PM: Yes, a good question. What we decided needed to be done after the recent events was recognising the legislative position under which the ABA is an independent company. We nevertheless wanted to have a situation where the relationship between the Government and the Authority and it's Chairman in particular could be put on a more efficiency and effective basis. So you now have a division there under Ron Harvey who had the responsibility of doing all the preparations for the two summits from press to the Government, very particularly in the work he did there. Under Ron we now have I believe a group which will work closely with the Authority and I think, without being exhaustive, the sorts of things that they will be ensuring is that Jim and the Authority through the Department will have the ability to tap into all the resources of Government so that the various governments and authorities will be there with their resources available to be of assistance to Jim and the Authority in whatever way they wish. There has been the understanding reached before Jim's appointment that the presence at the meetings of the Authority are representative of the Department so that we will be informed of what is happening in that way. There will be the reporting in the financial sense to us of expenditures of the Authority and very early, of course, I introduced Jim to Ron and I think now we will ensure in this personal sense, the relationship is there, to ensure that the very significant resources of the Government will be made available in a way which is consistent with the legislative independence of the Authority.

JOURNALIST: So it's a helping role and a watchdog role?

PM: I don't like the word watchdog because I have total confidence in Jim Kirk. I wouldn't have asked him to take the position if I didn't have that total confidence. But I think that Jim and the Authority would appreciate that with the very significant expenditures of taxpayers money that are going to be involve it is appropriate that we be kept informed of the way in which those expenditures are being undertaken. So I don't use the word watchdog. That carries an implication that we don't have confidence. I am totally confident in the new set-up and I am certain that combined resources of Government channelled through my Department and the activities of the Authority now under the leadership of Jim Kirk will produce outstanding results for Australia.

JOURNALIST: What was the level of interest taken by the business community in the events of Mr Reid and Dr Armstrong?

KIRK: Well, a lot of it happened just after or around the time I was retiring and I haven't been, for instance, haven't been to a Business Council meeting since then and so on. So I find that hard to answer but I don't think there is anything to worry about that I know of but you know I am not really informed.

JOURNALIST: Would you think appropriate if you had any discussions with either of those .....

KIRK: Well, I don't have any problem. I have talked to John Reid since it's all happened. In fact, I was at a dinner the other night with him at Government House in Sydney and I talked to John Utz. But I haven't heard anything that would cause me any problem.

JOURNALIST: What did he say when you said you were taking the job?

KIRK: I didn't tell him that. I didn't even know then.

PM: He didn't know then.

KIRK: I was just talking to him generally.

JOURNALIST: Mr Hawke, could you tell us the terms of Mr Kirk's appointment?

PM: They haven't been finalised yet. We have had some general discussions about that but they will be conditions which will be appropriate to both the job and the very considerable amount of time that he will be putting into it. It's quite clear, I think, that you would appreciate Alan, that as we get now closer and closer to the time the position of Chairman will occupy more and more time. So there will be conditions which will be, I believe, mutually acceptable, relevant and appropriate.

JOURNALIST: Is the appointment until June 1990 much the same as Mr Reids's, is it a four year appointment?

PM: It will be going certainly into the period after the end of 1988. Now just precisely how long again we need to finalise that but you will appreciate Alan, that the responsibility of the Chairman just can't finish on December 31st, 1988.

JOURNALIST: So it will involve <sup>a</sup> contact?

PM: There will be an exchange of letters between us.

JOURNALIST: Mr Kirk, what do you think will be the themes of the Bicentennial in 1988? What do you think the Australian achievement has been as you see it? What makes you proud to be an Australian? What do you think the <sup>theory</sup> should demand?

KIRK: That's pretty tough to just bring on me at this stage but <sup>Authority</sup>

if you want just my personal opinions of things. I would like to look to Australia as the future and that means getting the children involved, getting them to recognise our nation and our flag and to mean something to them. But at the same time you can't forget all the people that have made Australia what it is. So it's a combination of all those things but really I haven't had time to think as to what would be my specific suggestions or anything to do with it. And you know a lot of people have got to contribute to what we finally come up with.

JOURNALIST: One aspect of my question was what makes you proud to be an Australian? Perhaps that's a way of exploring it further.

KIRK: Well that's a good question you know. I worked for an American company for whole of my life but I was a true and true Australian for the whole of my life. There were a couple of occasions when I had a chance that I might have changed that but I never ever thought of anything but Australia has home and Australia has been something that has been very good to me. I wouldn't have served in the Navy and I wouldn't have stuck up for Australia around the world like I do if I didn't believe it. It's just something that's here, I don't know why it there but it is.

JOURNALIST: Would you like to see a new flag?

KIRK: I don't know about the flag really. I am an advocate of Advance Australia Fair mainly because I learnt it at school and didn't have to re-learn it when it came along. The flag .....

JOURNALIST: You actually know all the words?

KIRK: I really had trouble. I am still inclined to go back to the old words but you know that's only a matter of time. On the flag, I don't know. I have heard the arguments, I have never decided myself which way I'd like to go frankly.

JOURNALIST: Mr Hawke, will you be delegating more of your responsibilities to Mr Cohen on the Bicentennial as you suggested a couple of months ago?

PM: There will be an arrangement whereby he will have the obviously the main day to day ministerial responsibility in the same way as other Ministers assisting me do have. But we have now developed, I think in a sense, as a result of the difficulties that we experienced a very satisfactory arrangement between ourselves. He consults with me but I repeat he will have the day to day ministerial responsibility.

JOURNALIST: Is it fair to say that Mr Kirk was your appointment?

PM: Yes. When I say yes directly and unequivocally like that I took to the Cabinet, I was convinced that he was the man for the job and Cabinet unanimously endorsed that.

JOURNALIST: Mr Hawke, Mr Harvey has already shed some staff in his new position. Will Mr Kirk have similar powers and do you think this second appointment will set the Authority back on the

tracks?

PM: It certainly won't set it back. Put it back on the tracks do you mean or set it back. I didn't quite hear what you said - set it back in its tracks or set it back on the tracks?

JOURNALIST: On the tracks.

PM: One of the things that Jim will obviously be doing will be to go in and have a look at the Authority to make an assessment of the adequacy of staff. As far as numbers, that could be up or down. One of the things I was very pleased he immediately said to me that he would be doing would be to go around to the States and talk to the States. And the judgments he makes about the operation of the Authority will part reflect, I think, the discussions he has with the States. In general, yes, I believe that the appointment of Jim Kirk, the experience, the integrity, the enthusiasm, background that he brings to it will ensure, as I said at the beginning of this conference, the unquestionable success of 1988. Both its preparation and the actual celebrations in that year.

JOURNALIST: Apart from the celebrations and the national road program. Do you envisage that 1988 will see a more lasting monument perhaps in the way of something for Australia?

PM: There will be a number of elements Ken, of permanency. That will be at the national level and also in the important Federal/State level. You will appreciate that in early year prices \$48 million was allocated to joint Commonwealth/State programs and those programs quite clearly already have produced projects which will have lasting benefit at the national level yes. There will also be projects of an enduring nature and I suggest, as I said before, that in the fairly near future Jim will be able to have a more detailed conference with you to go into those details. But I do mention, for instance without being exhaustive, the National Maritime Museum. We also are hoping and expecting that we will be able to have a Bicentennial national science centre. I just mention those two as examples at the national level as distinct from the State/Commonwealth co-operative events which will be lasting memorials of the Bicentennial.



JOURNALIST: When you suggested in the House that the response of the current account could be a bit more drawn out ... change in Australia's industrial structure I think you said. Are you suggesting there is some change in the budget forecasts?

PM: No, I wasn't meaning that. We still think that we will start to see the effects of the depreciation in the second half of the financial year instead of the first half, of 1986. In discussions with the Treasurer I have no reason to believe that the sorts of projections that we were talking about are going to be any different, that is that looking at 85-86 the current account deficit as a proportion of the GDP should be of the order, talking of year on year, about down to four and half, 4.6 per cent. And then looking at June 86, down closer to 4 per cent and then 86-87 down to the order of about three and a half per cent. The point I was making really, Mike, was not comparing it with the Budget, but I was really making the point with earlier periods in Australia's history, talking about the change in industrial composition and the international market. I think I was really making the point on the export side that given the composition of our exports and the depressed international market for some of our primary products might take a little bit longer than perhaps in earlier periods to get the benefits of the depreciation on the export side. Although I did add in my question there, I didn't go into detail. But in talking to the business community at the Business Council and also in some private conversations I have had around with the business community, there is no doubt that export opportunities have opened up and are being exploited in the manufacturing sector as a direct result of the significant depreciation. And indeed it would be surprising, if, given the way in the Australian manufacturing sector in the last decade has become leaner and more efficient, it would be surprising if the depreciation of the magnitude we are talking about is not producing those effects. On the imports side, it is inevitable we believe, that with a 20 per cent depreciation, it is inevitable that the domestic producers are going to be able, in the period I have been talking about, to pick up some of the benefits of the depreciation. So that was the sense in which I was making the point.

JOURNALIST: What do you think are the preconditions to reducing interest rates?

PM: Well, I think the market has got to be satisfied that the benefits of depreciation are going to work through in the way that I have referred to, Greg. It is one of the elements. I think also that we have got to agree that it is impossible when you are trying to analyse and weigh the components, the factors that have led to the decisions in the market over recent weeks. It is impossible to say there is that percentage for that factor. However, you can say that one of the factors has been, perhaps some uncertainty if you like, about the 3.8 per cent wages outcome. Now, I believe that as the market comes to appreciate that that wages outcome is one which is going to be consistent with very considerable wage restraint into the future. And certainly, consistent with a much lesser wages outcome than would be the alternative wages policy. Then I think as that realisation increases that will be an important condition of

improvement in the interest rate situation. It goes back to really what both I and the Treasurer have been saying for some time now in the current context that we firmly believe, are firmly convinced, the Government is firmly convinced, that the fundamentals of economic policy are right. We have had, earlier in the year, to be associated with some tightening of monetary policy which was appropriate when we had that weakening of the dollar earlier in the year. And more recently in the last couple of weeks, also we have done that. We believe that if you look at the evidence of private demand, if you look at evidence in the wages sector, the compliance, the overall compliance of the trade union movement to the Accord to no extra claims, that as that understanding comes through and we start to see the benefits of the depreciation in the current account in the first half of next year. Those are the broad sets of conditions which are necessary to produce a more favourable outcome in the interest rate area.

JOURNALIST: Prime Minister, it is now nearly four weeks since the end of the Commonwealth meeting. The group of eminent persons doesn't seem to be that much closer of being formed. I know certain names have been put forward. I am just wondering what is holding it up or is it falling into a hole.

PM: No, it is not falling into a hole. There are three names that are quite definite. One of whom you are aware of. The Indian nomination has been finalised, Mr Singh. And the UK, Tony Barber. The Commonwealth Secretary General, Sonny Ramphal, is engaged in discussions with the Africans and I spoke to him on the phone last week. He is certainly relaxed about it. Julius Nyerere is not available. And let me say I had a very, very interesting letter from Julius and it is important that it should be understood that the fact that he has not been able to accept the Chairmanship in no sense reflects any lack of enthusiasm on Nyerere's part for the concept. He has committed himself to the success of the concept. But for legitimate internal reasons he can't do it. But he will be giving it his full support. Now, I am confident from the discussions I had on the phone with Sonny, that in the quite near future the full group will be finalised. And I am hopeful as I was in the Bahamas they will be able to set about doing what we regard, and the Africans regard, as an important job.

JOURNALIST: Mr Hawke, you have had now for some time the Democrats proposals on tax. Do you intend to give them some concessions and are you confident of getting the tax package through intact?

PM: Let me say this Michelle that Paul Keating is conducting the negotiations with the Democrats. I haven't sought in any way to interfere in that. He has spoken to me about it. I think he is confident of his capacity to reach a position where we can get an acceptable agreement with the Democrats. And on that basis, therefore, I expect the legislation will be passed.

JOURNALIST: You are willing to be flexible?

PM: Well, we obviously want an acceptable package to be passed. And we understand the realities of numbers in Senate. If there

the floating of the dollar. And secondly, with the deregulation of the financial markets. Now those were decisions not taken lightly, nor taken in ignorance of the implications of those decisions. We knew that when you made those sets of decisions, that the market was going to have more capacity to influence day to day results. But I want to make this point that we made those decisions within the overall framework of broad economic strategy which was based upon the proposition that this country has experienced to its great detriment, the alternative strategy. That is the strategy which meant that the previous Government deliberately limited itself to traditional economic instruments which meant monetary policy and fiscal policy. Now that stance of policy was disastrous for this country. It produced, and I know you have heard me say it many time, but it is relevant to say it again, it produced the worst recession in this country's history for 50 years. Now we have deliberately put into place a Prices and Incomes Accord which gives this Government another instrument of policy. It has, to use the words of the OECD Secretary, been brilliantly successful. And we believe that it would a negation of what the Australian people voted us into government for to walk away from that strategy which has produced record growth and importantly, record employment growth. We are proud of that achievement. And I believe that the Australian community shares that satisfaction and pride with us. So our task is to use those traditional instruments of policy with the additional important instrument of policy which we have equipped ourselves with which has produced this remarkably low level of wages growth, which you saw in the statistics last week. Now, we believe that we can retain those instruments of policy. We believe that the fundamental results that have been produced, that is a reduction in real unit labour costs back to the level of the late 1960s, which is again, as you know, the obverse side of the coin return of the profit share back to the same level of that period. That those fundamentals of very significant increase in profit share, reduction in real unit labour costs, employment growth, that those results are what the Australian people want. They haven't emerged by accident. And part of the process of the emergency of those results has been the freeing up of the markets. So we don't look at the markets with antagonism and say look what you are doing to us. We say it was a deliberate act of policy to free up the markets. We believe that we can accommodate that freeing up of the markets in the framework of this additional range of instruments of policies that we have given ourselves.

JOURNALIST: How do you know monetary policy won't be a kind of blunt instrument that it has occasions in the past ... the long lags involved, some evidence of that in other countries?

PM: Well, I think it follows logically from the question and answer I just gave Mike. That if in fact we only had monetary policy and fiscal policy, the traditional instruments upon which the Fraser/Howard Government relied, then that question would be much more relevant. But we have a situation within which we have been able massively to contain wages growth. And because that instrument of policy which the Liberals didn't have the wit, the wisdom or the intelligence or the understanding or the philosophy to embrace. Because we had all those things and have done it,

then we don't impose the same burden upon monetary policy as you would have to in the absence of that additional instrument of policy. I can assure you that the Treasurer in consultation with the Reserve Bank, and in discussion with me, are watching very closely the impact of the combined policies that we are applying, including monetary policy. And we therefore think we are not in the same historical framework as our predecessors. We have more flexibility, more room, to use those range of instruments in a way which are not going to have the blunt and disastrous results which occurred under our inept predecessors.

JOURNALIST: Mr Hawke, is it possible to identify or even speculate on the Australian ...

PM: No, I don't think it is. Not in a quantifiable way. All I can say on that is that if the Treasurer and the Reserve Bank believed that there was some activity there, identifiable activity which was, if I can use the <sup>word</sup> being maliciously applied to the detriment of the Australian economy, I believe that would have been brought to my attention. It hasn't.

JOURNALIST: Do you think it is a necessary pre-condition of the Accord it has full wage indexation. And if the markets don't accept that there is wage restraint ... Will you be going to the ACTU and asking for some deduction in that full indexation?

PM: Well, let me take that in two steps Greg. Firstly, I think there is an increasing appreciation, and I say that not hypothetically, but through discussions with the Business Council. There is an increasing understanding and adequacy of the agreement negotiated with the ACTU. It was a matter of considerable interest to me in my meeting with the Business Council two weeks ago, that the President of the Business Council, Bob White, actually said that they saw that the arrangement was a reasonably sensible one. Which was something that they weren't saying at the time that it was made. In other words, they can see that the three elements of that arrangement are important. And I emphasise those three elements. Firstly, the 2 per cent discount. Secondly, the spreading out of the productivity claim which is to be taken in terms of superannuation. Now that, except in isolated circumstances, that is not going to apply until July of next year and will be negotiated through industry in a way which take account of differing degrees of capacity within the economy. And thirdly, the third element, is of course. May I still talking about the second point say this, that you would understand that one of the benefits from the business community's point of view of the productivity increase being taken in superannuation rather than wages is that you don't get the same degree of on-cost impact as you would otherwise get. And the third point of the negotiation is of course the agreement to no extra claims. Now, I believe Greg, that it is indisputably right to say now that there is a clearer perception and understanding in the business community of the relevance of that agreement. And therefore what we are seeing is that by the time we get to the next wages case that that two per cent that has been negotiated would be about the amount, almost precisely the amount that would have been arrived at by the processes of calculation of the Commission. And may I

remind you that in the judgement of the Commission, they, in this last case, they said that they believed that the deferring of the discount, the deferral of the discount until next year would have a minimal impact upon the respective inflation outcomes. And I believe that that is clearly right. And I think that the business community increasingly sees that that is correct. Therefore, I don't apologise for the length of that, because it is relevant to your question. I think the pressures, the expectations, of some further approach were greater before there was this clearer understanding of this whole impact of the deal that has been negotiated. So therefore, I don't see those pressures being upon us now. I say this however, that you recall that the last paragraphs of the agreement with the ACTU provide for further negotiation if circumstances require. We don't see that at the moment. But the fact that those provisions are there is relevant. And if the judgement in the judgement of the Government it became necessary to do that then we would do it.

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