



PRIME MINISTER

TRANSCRIPT OF JOINT PRESS CONFERENCE - P.M., DAWKINS, WILLIS -
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E & O E - PROOF ONLY

P.M.: Although this Government has been able to arrest the massive explosion in youth unemployment which characterised particularly the last two years of the Fraser Government, we as with the rest of the community are still concerned with the dimension of this problem. And it was for this reason, of course, that we commissioned reports by Mr Peter Kirby and also had the OECD Report - both of which we've recently received. Since the election we've given this issue top priority. The Ministers concerned have been, with their Departments, examining the reports and the Social Policy Committee and the Cabinet yesterday considered these matters and arrived at decisions which have just been endorsed by the fully Ministry. The Kirby Report, as you're aware, covers a wide range of matters and, indeed, its 86 recommendations in all cover the whole range of labour market programs. For the most part Kirby recommends refinements to existing arrangements, to focus them more closely on what he has identified to be the major need of labour market programs at present - that is, to provide adequate training and skills development for unemployed people. Now without any question the central recommendation of the Kirby Report is his proposal to introduce a system of traineeships starting with 16 and 17 year olds involving, as you know, formal broad skills training both on the job and off the job in conjunction with paid employment. Now the Government considers this proposal in the Kirby Report as a very imaginative response to the current disadvantages that young people currently face in gaining broad experience and training and life skills, and as well the proposal calculated to make a significant contribution, we believe, to improving Australia's skill level and competitiveness. It's certainly a proposal from the Kirby Committee which is consistent with the approach of the OECD in stressing that youth unemployment will not be solved without raising youth skills and productivity. And so the Government has endorsed the principle of traineeships recommended by the Kirby Report. And we see broad skill-based training, which is involved in the proposal, as one way to improve the opportunities open to young people in the labour market, and especially for young people who have experienced prolonged

P.M.cont: unemployment or who are otherwise disadvantaged. Now it's quite clear, as you'll appreciate, that implementation of the proposal will require considerable consultation with the employers, the trade unions and with the States and the relevant educational institutions so that there can be a fleshing out of the proposal and an identification by us of the courses open to us to implement the concept. And the Ministers will be immediately undertaking those consultations with a view to Ralph Willis, the Minister for Employment and Industrial Relations, bringing before the Cabinet as soon as possible a more detailed proposal as to the method of implementation of the proposal. I'd say to you that he will also in conjunction with the other relevant Ministers be looking at the other proposals contained in the Kirby Report so that the appropriate response of Government can be determined to those proposals. And as part of a consideration of the issues raised by Kirby and the OECD and our own work there will be an on-going examination of the whole range of income support supplements available to young people so that appropriate decisions can be made which fit in with the thrusts of the Kirby and the OECD Reports. That's all I want to say at this stage and not only I, but my Ministers, are available to any questions you'd like to address to us.

JOURNALIST: Mr Hawke do you embrace of Mr Kirby's proposal. He was talking about 75,000 ...

P.M.: He was talking about 75,000 by the year 1988. Part of what the Minister will be doing in his consultations with the employers and the trade unions and the States will, in part, be related to the feasibility of the program in terms of numbers. Kirby and his committee have talked about 75,000 by 1988 as you appreciate. Now the Minister will be looking at that to see if that's possible, or more. What you will appreciate is that our determination of the numbers that can be handled will depend upon the sort of answers that we get from the people with whom he'll be consulting - that is, the employers and the unions - you've got to see what sort of response there is in the various sectors of industries towards a proposal to try and form some sort of judgement as to whether that sort of number or more will be able to be taken up. And also you'll appreciate that it involves the capacities of institutions within the TAFE set-up to handle numbers. So it's these sorts of consultations which will determine numbers, but we would hope that that sort of figure of 75,000 by 1988 can at least be achieved.

JOURNALIST: Mr Hawke, do you foresee any problems with the trade unions in negotiating the concept of a training wage given their suspicions ...

P.M.: All that I can say about that, and perhaps Ralph may like to add something to what I say, is this - that the only public comment I have seen has been from Mr Kelty, the Secretary of the ACTU, and he has said, as I understand the report, that the ACTU is not opposed to the concept of the traineeship proposed by Kirby. He's flagged naturally enough that the unions will wish to

P.M.cont...: consulted. But I take that statement by the Secretary of the ACTU as indicating prima facie support. And that doesn't surprise me because in all the discussions that we've had with the ACTU, both prior to coming to Government and since we've been in Government, indicates the very real concern they have about the levels of unemployment generally and of youth unemployment in particular. So I expect that they will take a positive approach to this matter and you must remember that the ACTU was represented on the Kirby Committee by Mr Harry Hauenschild.

WILLIS: I'd just add to that Mr Kelty has directly confirmed to me that that's his view.

JOURNALIST: Mr Hawke one option which the Cabinet Committee was looking at over the last day or so was the possibility of means testing unemployment benefits for young people possibly lowering the level of them. Is that going to be looked at further in this study of other proposals.

P.M.: Well let me make it quite clear that neither the Committee nor the full Ministry has in any shape or form endorsed any proposals for reductions of any benefits. But what we, with responsibility, have had to do is to say as well, now once you've had both the OECD and Kirby externally and our own IDC looking at the issue, the whole range of income support measures, we've got to, and we are asking, for further reports to us on it. Because what's got to be done is to have dispassionate look at the relationships that exist between various income support measures, both within the education system where there's a whole range of inconsistencies within the education area as far as income support mechanisms are concerned, and also to look at the relationship between them and unemployment benefits. So no decisions have been made about reductions of any benefits. It's rather what we're looking at is to see, as I say as dispassionately as we can, what are the relationships and what is the impact of those relationships upon the broad thrusts of policy which are determined by the Government in the light of its acceptance of the Kirby Report - that is, that we have got to adopt policies which are going to maximise the capacity of young people for education and training to equip them for future employment. And inevitably, any Government that has, once you've made that decision, that you're going to attack that problem and try and achieve those results, then inevitably you must have a look at the relationship between the various income support measures. But there has been no decision of any sort in regard to reductions of benefits.

JOURNALIST: Mr Dawkins, I was wondering if I could ask you what's your view on making more flexible wage-fixing levels for young people?

DAWKINS: Well I think the approach that's been decided by the Government is to pursue the question of traineeships. It's

important to recognise that both the Kirby Report and the OECD DAWKINS cont...: both rejected the notion that the level of youth wages is the prime cause of the level of youth unemployment. And that's a view which I agree with.

JOURNALIST: But Mr Dawkins, without it necessarily being the prime cause, do you figure there might be some case for more flexibility in certain industries with regard to time of the day and all that kind of stuff, where some impetus might be given for the creation of new jobs particularly for younger people.

DAWKINS: I think the approach that's been taken is to indicate that what's important in terms of getting young people into the labour market and keeping them in the labour market is a level of training. And that's the important question which has been referred to us by both of these reports. That's why Ralph and the rest of us are going to be looking very carefully at the proposals of traineeships, the central part of which of course still has to be negotiated with the unions and the employers.

WILLIS: Can I just add to that that we've already got considerable flexibility or variation in the level of junior wages. In a study of the 60 major awards by my Department, we found that the junior rates expressed as a percentage of the adult rate varied from 38% to 75% for 16 year olds and from 42% to 80% for seventeen year olds. Now those variations reflect all sorts of things and in the development of the trainee wage we'll have to industry-by-industry assess what was the way in which that wage was previously developed, whether there is built in there the concept of some adjustment of that wage for training which takes place and then an assessment of the trainee wage and make a decision about whether there needs to be any reduction in that wage to take account of the fact that whilst young people are on the job they are going to under the trainee concept be being trained on the job and not just working productively all of that time. In some cases wage rates already take account of that fact, in other cases they obviously don't.

JOURNALIST: Mr Willis what can we do about Mr Kirby's suggestion that apprenticeships are a very expensive way to subsidise full-time training and his suggestion that there be a review of apprenticeship rates.

WILLIS: Well it is true that apprenticeship involving payment to the apprentice for time off the job is expensive in the sense that that is pretty well recompensed to the private employer by the federal Government which costs us some \$76 million and therefore the expansion of that kind of training would become very expensive for us indeed. The trainee concept doesn't involve the Government in any payment to employers for time off the job because young people will not be paid for time off the job. So in that sense I guess we are recognising that we can't as a society afford to extend the apprenticeship concept. And I think that Mr Kirby is right in saying with scarce resources it's not possible for us to

considerably expand the training effort on the apprenticeship WILLIS cont...: model. And therefore if we are going to do it as we should, and we agree with him that we should, then we have to find another more cost effective way. I think what he's proposed is a very cost effective way and one which we intend to pursue.

JOURNALIST: Mr Willis, how long do you expect the consultation process to take and is the Government into the consultations with a view already formed.

WILLIS: Well we have a view, as the Prime Minister has said, that we support the traineeship concept in principle.

JOURNALIST: I mean more detail.

WILLIS: Obviously there are many practical difficulties in the development of the concept. We at this stage have had no substantial discussions with any of the interested bodies. Now in the next month and a half we will have an array of discussions. I will have discussions with the National Labor Consultative Council, with national employer and trade union organisations, through the meeting with State Labor Ministers in early March I'll have discussions with the State Labor Ministers and also there'll be a national training conference on the 20th and 21st of February organised by the National Training Council which will involve the whole training network under the NTC and also State training authorities, the Commonwealth Department of Education, TAFE and other interested bodies. So that by early to mid-March we will have had extensive consultations in my area and also my colleague, Susan Ryan, the Minister for Education, will be having consultations with State Ministers for Education and other education authorities, so that in the next month and a half we will have a pretty good idea what reactions are to the concept from all interested groups and then develop the concept from there.

JOURNALIST: What's really in it for the employer?

WILLIS: For the employer there is the chance to have a more skilled workforce available without any additional cost to him. Now I would have thought that from the employers' point of view there is a lot to be said for having a more skilled workforce without him having to face considerable extra costs to achieve that. The costs of training off the job will not be a cost to the employer. The training on the job will involve perhaps some cost, but insofar as that involves less production to him that will be picked up in the concept of the training wage. So really this is not going to be a cost imposition on employers. And the Kirby concept is one of the need to share the costs equitably between government, employers and trainees. The employers will have to provide some training and so therefore there is some element of cost there. But other than that I think that it's not an imposition on employers and, of course, we very much hope that they will accept this as something which is in their long-term

WILLIS cont...: interests in having a more skilled workforce.

P.M.: It's also, if I may just add very briefly, that they were also represented, as you'll appreciate, on the Kirby Committee.

JOURNALIST: Mr Willis how will industrial type unions be involved in the planning of this training wage.

WILLIS: Well Kirby I think at one stage refers to industrial negotiated wages but at my discussions with him clearly his concept includes arbitration if the parties couldn't agree. What we'll clearly have to have is assessment award by award of what the trainee wage should be in the light of the training contract which has developed in that particular industry and in the light of the existing pattern of junior wage rates which exists in that industry. And so it will not be something which has developed at an across the board sense. It will have to be developed industry by industry, award by award. So it's going to be quite a lengthy, time-consuming process. And as the Prime Minister said we're not looking at having this in place until really 1989 because, as Kirby says, you should have the objective by the end of 1988 of having the 75,000 traineeships. So it really is almost the end of the decade before the thing is fully operational.

JOURNALIST: Mr Willis was there any decision taken to help unemployed people of the age of say 18 and 20?

WILLIS: Well at this stage, I mean we are looking at developing the traineeship for 16 and 17 year olds. Kirby clearly contemplates that it can go beyond that, but I think we have to crawl before we can walk, we'll get the traineeships going for the younger people first and then look at developing it for others.

JOURNALIST: Mr Hawke, Mr Kirby found that there were probably 1.2 million unemployed in Australia. Do you accept that figure or do you think it is exaggerated?

P.M.: What you have got to appreciate is that it has been consistently understood that the official figures for unemployment don't fully state the unemployment situation. That has been true for a considerable period. Now there would be some debate about the assumptions made which have you arrive at the figure that you mention of 1.2 million. The point I make, I repeat from the beginning - and this is why it somewhat sticks in the craw to have our Liberal and National Party opponents talking about this problem as though they can come to it with clean hands. They are the guilty people of politics in this area. And let me remind you of the sort of change that has taken place since we came into power. Between March '81 and March '83, if you look at the centrally important figure of 15-19 year olds looking for full time work - in that period between March 81-83 - the percentage of young people in that category looking for full-time work increased from 16.4% to 27.4% and there was an actual increase of over

50,000 in the numbers in that category. That was their contribution in the area of youth unemployment in their last two years of office. Between March '83 and December '84 that figure has dropped from 161,000 down to 122,000. The percentage from 27.4% to 22.2%. Now the point I am making is that it is still too high, both for young people and older people. And that is why we are directing ourselves here, in the field of education and the various relevant areas to do even more with the support of the community to tackle this problem. But in the current political situation I find it a little short of obscene that you can have the Liberals and the National Party in Victoria saying, look at this terrible problem. It was a problem which exploded under their stewardship federally and state. We have reined the problem in but we are not satisfied. We are going to do more to ensure that what is a fundamental problem confronting the whole community is going to be tackled and we hope that it will be tackled not just with the resources of government, but with the full support of the trade union movement, the employers organisations, the States and the educational institutions. It is an issue which transcends political considerations and I hope we will have the support of the whole community. Because whatever the figure is and there can be debate about the precise figure, in reality it is too high.

JOURNALIST: Mr Willis, you talked about canvassing attitudes in the next six weeks, can you tell us if you envisage a specific time when you will take this issue back to Cabinet?

WILLIS: I have no specific time, Alan, but I don't wish to drag the anchor at all on this. As soon as I am in a position to come back to Cabinet with a clear process as to how we can further develop the traineeship concept, then I will do so. So I would be certainly looking to do so within the next two or three months at the outside.

JOURNALIST: Mr Hawke, what sort of timeframe are you looking at for the dealing with the other Kirby and OECD recommendations?

P.M.: Well, I think, let me answer it and then pass it over to my Ministers. I have expressed the hope in the expectation that it will be dealt with as quickly as can be done. But you will appreciate - I think the number was 86 recommendations in all in Kirby - so that is going to take some period of time. I don't know Ralph, or you John, whether you can add to that, but I feel not competent because what is involved is the discussions by Ralph and John and Susan Ryan in a number of areas and I don't know whether you can add anything to it. It is a matter of urgency as far as we are concerned, consistent with the work that has to be done and negotiations with other relevant bodies.

JOURNALIST: For example, might you be ready by Budget time to introduce a rationalised income support system do you think?

DAWKINS: Certainly our aim in relation to the income support arrangements would be to have any new operations or any new arrangements in operation for 1986.

P.M.: Yes.

JOURNALIST: I imagine that quite a few of these new positions for traineeship might be in service industries. Are there any disruptions within the Government to reconsider the idea of the 9-5, five day week outside of which penalty rates start applying?

WILLIS: Well this is not considering that issue. This is a process of developing training and training doesn't exist at the present time at the sub-trade occupational level and it is a quite different thing that we are considering from the question of penalty rates. We will start discussing now a particular issue.

JOURNALIST: Do you mind saying something about - say someone was learning to be a chef or something like that and had to be doing it in the evening. That would start to be an area where you could see occurring.

WILLIS: Well the question of penalty rates is one which comes up from time to time. The problem with that is that, as a study at Monash University showed, even if you abolished penalty rates you would still have to pay people more to work at hours when people generally don't want to work - you know, late at night, at weekends and public holidays and so on. And so they felt that you end up with much the same pattern of wages as you have with the formal existence of penalty rates. There have been other studies by the NLCC, the Queensland Industrial Commission, and so on, all of which have come to pretty much the same conclusion. I think at this stage we need to have some more compelling evidence that penalty rates are something that we need to tackle as a major problem in the employment field. At this stage I am not convinced that it is.

JOURNALIST: Prime Minister, could I ask a question on another matter?

P.M.: I am open to questions on other matters, but can I just find out whether there are any more in this area. If not, yes.

JOURNALIST: I was wondering whether you have had any discussions at all, or proposed to have any discussions with the Queensland Premier and remind him about the boundaries of his responsibilities?

P.M.: I think in this area he has been a somewhat quicker learner than he has been in other areas after the making of gaffs. I think it has been gently pointed out to him that (a) he is out of his province and (b) from the interests of Queenslanders themselves, particularly the sugar industry, that his sally into

P.M. cont...:the area of foreign affairs has been singularly, or would be singularly counter-productive. So, I think good sense would prevail. We have seen another example of his idiosyncratic tendencies. I think those around him, if not from the point of view of intellectual considerations issues, but if only from the point of view of self-interest, have pointed out what he should do.

JOURNALIST: Prime Minister, are you certain that your letter to Mr Lange hasn't inspired him to bring forward the idea of legislating to prevent ships of nuclear varieties coming to New Zealand?

P.M.: Yes.

JOURNALIST: Prime Minister, was there any criticism of that letter

P.M.: No. We are going well, aren't we.

JOURNALIST: Have you had any response yet from Mr Lange?

P.M.: Not that has been brought to my attention and I imagine that if there had been a response, it would have been.

JOURNALIST: Did the American Government in any way try and get you to write the letter?

P.M.: No, of course not. Really that is somewhat of an insult to the American administration. I am used to being insulted myself - I mean that is part of the game we play with one another - but they would have more sense than to suggest such a thing and I, of course would not accept such a suggestion. There was made clear in the statement that I issued a while ago after the letter had been - or the thrust of the letter had been leaked somewhere else - that in no sense was I acting as an emissary for anyone and that has been made quite clear from the beginning of this matter. The issue is one between New Zealand and the United States and I did no more than to indicate to my good friend David Lange that I was going to the United States. I explained the position to him, as I had exactly in August in Port Moresby when we met and I was wanting to know exactly what his position was so that when I was in the United States I would be totally au fait with the position.

JOURNALIST: Did the subject - sorry, were you going to go on?

P.M.: No, I think I have adequately covered it, don't you?

JOURNALIST: Was the subject of ANZUS canvassed in any way at the Ministry meeting?

P.M.: No. Let me be fair. I mean I don't want to appear as though I've got off some imagined hoof that might be hanging around out there. The Ministerial meeting hasn't finished, and so

if you have had some indication from some quarters that these things are going to be raised, your expectations are not necessarily frustrated. I mean, I am going back.

JOURNALIST: Prime Minister, why was it necessary to release a paraphrase of the letter? It seems a bit unusual.

P.M.: Well the unusual features of this began when somewhere else there was a release, either of the letter, or of an indication of its contents. I strictly followed the proprieties, as I always do, and I wrote privately to the Prime Minister of New Zealand, and that was it. Now, we were faced with a situation where, for reasons of which I am unaware, the letter or an indication of its contents were made available elsewhere. That generated some speculation, totally ill-founded, both as to purpose and to content and it seemed the best interests of Australia were served by me bringing an end to that ill-founded speculation. I did that.

JOURNALIST: Do you think it was leaked in Australia?

P.M.: No, I don't. Have you got different ideas?

JOURNALIST: No.

P.M.: I mean, if you have, I would be interested to know. That's all.

JOURNALIST: Prime Minister, do you believe the Lange Government will change its mind?

P.M.: I don't know, and I have said from the beginning that this is a matter for the Government of New Zealand. That has been my position, the position of the Government of Australia, from the very beginning. It is a matter for them. I have not sought either in writing that letter or in any other way from the day I first spoke with Mr Lange in New Guinea to try and tell them what they should or had to do. It is a matter for New Zealand. That is how it has been from the beginning. That is the way it should remain.

JOURNALIST: Do you think that the Left is over-reacting then by placing it upon the agenda for tomorrow's meeting?

P.M.: What meeting tomorrow is this? It is their meeting. I would think that they should put on the agenda of their meeting whatever they want to put on. They have never asked me for advice as to what they put on their agenda. It would be rather interesting if they started doing it, but they haven't. There is no Caucus meeting tomorrow. You don't want to believe the press.

JOURNALIST: Inaudible.

P.M.: The Left - I don't mind what they put on their agenda.

JOURNALIST: Mr Hawke, on another matter, does the Cabinet sub-committee agree with Western Australian proposed land rights bill?

P.M.: I think I heard something about Holding up there, so perhaps with what is the last question and answer we can bring it together. The position is this - that in regard to the matter of the veto rights of aboriginals, our position was made clear at the latter part of last year. The joint statement by myself and Mr Holding and Mr Burke - and that is that we would not be supporting that right of veto. Let me make clear that that was in the context that there should be an appropriate tribunal mechanism where the rights of people concerned, including aboriginals, to put a point of view about the utilisation of land for mining purposes would be available. And at the meeting that we had the other day the points of agreement between us and the West Australian Government were made clear. There was no argument about that. There were other areas in which there was not agreement and in which there is to be further discussion between us and the West Australian Government following further consultation with the interested groups. Now, that is the position. It is quite clear.
