



PRIME MINISTER

E & O E - PROOF ONLY

TRANSCRIPT OF PM ON THE MIDDAY SHOW - TUESDAY 24 JUNE 1986

MARTIN: Welcome Mr Hawke. Thank you for your time. How are you feeling?

PM: I have felt better, but we're on the way up.

MARTIN: Alright. Apart from questions here we're going to throw it open to everyone. When we announced two weeks back that you were coming on and you agreed to come on to talk, we had a predictable number of letters from people in the bush and other states who couldn't make it. We'll try and run through at some stage the common themes that run through the questions they'd like to ask. Let me ask something that is current, a telegram that arrived yesterday afternoon, just to kick it off, then I'll throw it to you. This is from Peter Alexander in Clarence Town - Dear Ray, You will have Bob Hawke on your next program. Will you ask him what he will do if it were his children rather than the Chamber's and Barlow's in Malaysia.

PM: If I were the parents of those two lads I would do everything I possibly could to save their lives. I would do that because of my love as a parent. In my case I would also do it because I don't believe in capital punishment. My heart goes out to the parents of those two boys.

MARTIN: Do you think everything has been done by your Government and the state governments?

PM: Everything has been done that could possibly be done by our Government. I want to make it clear that we haven't sought to say whether they are guilty or not of the offences. That is for the courts and the courts have gone through their processes. But we have said that we don't believe in capital punishment. It's not a question of asking for a different treatment for Australians as against Malaysians. We just don't believe in capital punishment. Bill Hayden has done everything as Foreign Minister, with my full support, to try and see that the death sentence should not be carried out.

MARTIN: What about Brian Burke's proposal then that they be brought back to Australian gaols, Western Australia or somewhere else? What do you think of that?

PM: Well that is something that is to be considered by the authorities in Malaysia. We can't make the decisions. All we

can say to the authorities is we have a deep conviction that to take another persons life in retribution is not morally correct. You know my feeling about drug offences, so I don't have to go to that. But I don't think taking the life of another person is proper. Life imprisonment perhaps.

MARTIN: Do you feel strongly enough about it, as Prime Minister, to put a personal request into the Prime Minister of Malaysia?

PM: Well the request has gone from us as a government.

MARTIN: But how about from the PM?

PM: Well it goes with my authority. The Foreign Minister who has the immediate responsibility of relations with other countries has acted as the Prime Minister of Malaysia knows with my full support. The Prime Minister of Malaysia knows my position and I would still hope that in some way their lives could be saved. More than that I can't say.

MARTIN: Would you be in favour of having them in Australian prisons, as Brian Burke has suggested, for the 20 year sentence?

PM: Well if the attitude of the Malaysian Government were to be that they would save their lives if the Australian Government, or the State Government in Western Australia as Mr Burke has made the offer, would accept the cost of the responsibility of a very long period of imprisonment then we would support that. I repeat, you've got to be very careful of relations between government. We would not approve of another government seeking to interfere with our processes. I think Australians, whatever division of view there may be on this issue, I think the overwhelming majority of Australians would say that as far as Australia is concerned if another government sought to interfere with our processes we would say - mind your business. And that is fair enough. Therefore, we must be very careful that we don't appear to be intervening, interrupting the processes of another sovereign nation. But if in their view the position would be assisted if an Australian government said - we will undertake to keep these people in prison for a very, very long period of time in return for you not carrying out the sentence of death - if that was their view, that they could accept that then that would make sense.

MARTIN: Alright, questions.

QUESTION: Andrew Ryan, Chatswood CYSS. Is it true Mr Hawke that social welfare payments are going to be lowered in their real value when the next cost of living increase is debated. Would such discounting affect the under 18's dole, which is already dreadfully low at \$60 per week?

PM: No decisions have been made in this matter Andrew. All I can say is in the preparation of the Budget the whole range of Government expenditures, let me remind you when we talk about Government expenditures that's the decisions by governments as to what they do with your money, it's not Paul Keating's or Bob Hawke's money it is the people of Australia's money and we've got

to make decisions about how that is expended. We are facing a situation where we have to reduce the level of government outlays. We have in what have previously been difficult periods tried to ensure that those dependent upon social welfare payments bear the least burden. That will be the same attitude that we bring into our consideration on this occasion.

QUESTION: Do you personally agree that the under 18's dole is too low at \$60 per week?

PM: Well, if you had an ideal situation where you could pay more of course it is too low. What everyone in this community has got to understand Andrew, is that the people of Australia, don't let's talk about Government, the people of Australia have not got an unlimited vault of money there that we can just dip into and say - here's more for you, here's more for you, here's more for you. If we had that we'd be in paradise, but we haven't got it. We've got a responsibility to the unemployed. We've got a responsibility to the employed. We've got a responsibility to the aged. If I and Keating just had that unlimited vault there into which we could dip then no problems. But what we've got is your money, your taxes. That is what we've got to use.

QUESTION: As a small business owner don't you think the capital gains tax is unfair? We put our house on the line to finance a small business. We don't get the 17.5 per cent loading. We don't get the four weeks holiday pay. We don't get two weeks sick leave. Yet if we sell our business and we work hard to make it a profitable business and sell it we now have to pay a capital gains tax. I really don't think that is fair.

PM: I can understand your view but I must say we do believe it is fair. Most countries in the world have a capital gains tax because it is believed that people would do get an accretion to their income in that way, in their financial capacity in that way, should make some contribution. I'd remind you that the way it has been brought in is not on nominal gains, it's on real gains. We have not sought to make it a punitive tax. The ordinary mass of Australian people who get their income through wages and salaries, and which is their only source of income, they have to make a full contribution, whichever government is in, they have to make a full contribution to the taxes of the community so that the community can do the things with the share of income of wage and salary earners. So the bridges can be built, the schools can be built, the teachers paid and so on. We want to get away from complicated economic theory. That's all this is about, when we talk about tax and services. We, as 16 million people, make the decision that there are certain things for the collective good and the individual good that the individuals can't do for themselves. The community has to provide those services. As a community we pay a portion of our capacity, of our economic capacity, over to the Government so that the Government will do these things. Now the great mass of ordinary people pay that share automatically out of the pay as-you-earn principle. Others can get a great increase in economic capacity out of capital appreciation. Virtually every country in the world says they should make a contribution. That is what we believe.

QUESTION: But you still pay tax when you own your business. You're still paying your tax every year. You still do those things. I don't believe that I should get out of paying tax, but if I'm prepared to work hard and put long hours in and I can sell my business at a profit in a couple of years time, that's the tax I'm against.

PM: Well you should be able to get an advantage out of that and you do. A capital gains tax will only be upon not the nominal increase, it will be on the real increase in the value. And you certainly don't pay it all, you only pay a proportion of it. I know how you feel about it, but I can assure you if you look at the sorts of things we've done in Government we've tried to increase the profitability of business. That in fact has happened. The profitability of business is back now to the highest level since the end of the 1960s because business, including small business, provides 75 per cent of the jobs in this country. That is why we've tried to increase the profitability of business. In that way we've had this increase of over half a million new jobs. So we're not trying to do it to squash you, on the contrary. There are a lot of people who have avoided their responsibility to the community through not having to pay something on capital gains and we think that they ought to be picked up.

QUESTION: Mr Hawke with the apparent removal of the profit motive, what incentive are you offering young people of Australia to build a future for themselves and hence Australia?

PM: What I got to say, not only have we not removed the profit motive but we've done the opposite and the facts are there. The share of profits in the Gross National Product are now not only just higher than when we came to Government. It got down at the end of the previous Government to 11.2 per cent of the Gross National Product. We've pushed them right back, not just beyond that, but to the highest level they've been since the end of the 1960s and that's not accidental. Every Australian, and I think particularly my friends in the trade union movement who worry a bit about this at times, have got to remember that 75 per cent, that is three out of four jobs in Australia are provided by the private sector. The private sector is not going to be able to provide jobs for Australians, and particularly young Australians, unless it is profitable.

QUESTION: And also if it is taxed out of existence.

PM: If they've been taxed out of existence the profit share would not have gone up to the historically high levels that it has gone up to under this Government.

QUESTION: Mr Hawke, you talk about profit share. In agriculture we're 40 per cent of the exports, now there is 5 per cent, you said we've got to work harder bringing in those exports. Now we're living below the poverty line.

PM: Many of you are, that's right.

QUESTION: Right. Now your Government must do something to keep us on our farms. Now the rural debt plan as we put to you at Canowindra is our solution. I was wondering how far you are down the road in implementing a rural debt plan?

PM: I gave no promise to implement your plan. What I've done, as I promised you I would, when I got back to Canberra I put to the relevant departments the considerations that you put to me. I've had them being looked at. I'll be writing back to you this week. If I hadn't been off crook for this last week I probably would have been able to get the letter off earlier. I've had a look, I've had my people particularly have a look, at some of the issues of your concern. I was very worried, for instance, about one point that you made that suggested you could understand why interest rates had risen. You didn't like it, but you said whatever level of interest rates you didn't like what appeared to be discrimination by the banks against farmers. That was one of the things that you were talking about. Now I've had that looked at. I'll be replying to you, as I say, in this coming week. If I could just go to the general point about farmers. Again this is something that all Australians should understand. One of the things I tried to say in my Address to the Nation is that there is a tendency for metropolitan Australians, people who live in the cities, to say - oh well farmers, they've made a decision to be out there, they've got to take the bad with the good. Well that's not enough because as our friend said nearly 40 per cent of all of our exports are rural exports. If farmers are getting a hell of a lot less for what they export, as they are, then that goes to bring about a reduction in the economic capacity of Australia as a whole. So we've all got a vested interest in trying to do as much as we can to keep farmers going, to keep them producing. But importantly also to try and make sure that internationally they get a better return for their products. Australian farmers are amongst the best, the most efficient in the world. We've got to try and do as much as we can as a community. So I really do appeal to all Australians not to think of the farmers out there as being a separate group, having a problem by themselves. Their problems are our problems.

QUESTION: Mr Hawke, I'm a farmers wife and I hold grave fears for the future of my family, our farm and our rural community. Are you aware that a wide range of new farm industries could generate an extra \$3 billion for Australia in the near future? This exciting development is being seriously hindered by high costs. How do you intend to reduce those costs?

PM: Can I just go to two points here? I'm glad to know that you emphasise the positive in the first part of your question. There is the possibility of diversification into a number of products. I think the New Zealanders have probably shown a bit more imagination in this area than perhaps other countries, including our own, although many of our farmers are doing it. So I think we should give every assistance that we can there and we are. On the second part of your question about costs, a number of things. Firstly, we had to have higher interest rates last year to stop the high level of activity which was sucking in so many imports. That level of interest rates is coming down now. If you look at June 1986 the prime interest now is 3 percentage points lower

than it was at the end of 1985. In the professional money markets about 5 percentage points, so it is down to what it was a year ago. So we're trying to create the economic environment now which that tendency will move further. That's why we're trying to have a tough Budget, bring the deficit down, reduce the public sector borrowing requirement so that interest rates will come down further. That's one thing. The second thing is that in the area of wages I've made it clear in my Address to the Nation that there has got to be further reductions of expectations in the wages area and that will be the Government's position. I notice that some one said that what the Prime Minister had put in his Address to the Nation was an ambit claim. Let me disabuse the Australian people of any such suggestion. What I put in my Address to the Nation in regard to has to happen in regard to wages was no ambit claim.

QUESTION: Mr Prime Minister we've taken a reduction in our earnings of 60 per cent in the last three years.

PM: In the same way in earlier periods when world prices went like that, you had an increase and we welcomed that. You got that enormous increase in incomes in earlier periods because of one thing and that is because world prices rose and it was proper that you should get the rewards for that dramatic increase in world prices that took place. I agreed with you that what's happened, now in the most recent period, is that world prices have gone like that. That's the basic reason why you're incomes have fallen. We've got to, as a government, try and do all that we can to stop the criminal stupidity of the Europeans and now the Americans subsidising their producers so that we've got corrupted international market and you people are suffering. We've got to deal with that. At the same time we've got to do what we can about costs in Australia and we're trying to do that.

....

MARTIN: Welcome back, please keep your questions short. Let me just dip into the pool here, PM. A theme that ran through lots of the letter we had - one bloke travelling through the United States recently, in South Carolina, he was telling Americans there about our 17 1/2 per cent loading and our 6-7 weeks of public and annual holidays, something that Brian Burke has brought up again today. And that was the theme through lots of letters. People saying we are prepared to tighten our belts, to do what you asked in the speech two weeks back, but overseas people think the 17 1/2 per cent loading and all the holidays we get is a bit too much.

PM: I can understand that. If you want to make a full international comparison, of course, you can look at certain provisions that other countries have which are not matched here. ... point to things here that they don't get reflected over there. But you can point to certain features of the social welfare system in Europe, for instance, that are not in existence here. And I would just make this point which I think is relevant. Given the cost structure that we have got here in Australia, enterprising companies have nevertheless shown that they have a capacity to get up and compete with the rest of the world. Just before I came here this morning, I went and opened the Sound and Television International Conference at the Showgrounds - people from all over the world. And we had Australian technology there on display. And I saw one thing there that was demonstrated to me and in which we are leading the world. We are selling it the Japanese in this area of hi-tech. Now I am simply making the point that I think that while there may be a case that some of these things which were given a more prosperous time, are perhaps not so appropriate now. I think that too many Australian firms use an excuse and say we can't do it, we have got too many imposts. There are other firms that with the same impediments, if you want to call it that way, same cost structure, getting up there, they are going out and they are beating the world.

MARTIN: But what about the 17 1/2 per cent and all those other things?

PM: They don't have different award conditions.

MARTIN: It doesn't make you think twice though, the fact Brian Burke has jumped on the wagon today. The fact that he is suggesting ...

PM: I don't accuse Brian of jumping on wagons. I think Brian is a very, very good Premier and a very imaginative and a very dinkum bloke. I don't think that we as Australians should take anything that exists as sacrosanct. We will commit a great crime for future generations of this country if we simply say - well everything we have got is perfect, we shouldn't look at it, because it is there it is sacrosanct. We have got a fundamental responsibility, not just to ourselves now, but most importantly to the kids, to the next generation. And if that means looking

at anything and saying well should this be done differently now we ought to do it. I don't regard anything as beyond the realm of investigation and say well is there a better way of doing this. Having said that, I don't think that enterprises in this country should simply say our cost structure is too much we can't do it because the evidence is there - we can do it. We may do it better if we change certain things.

MARTIN: Are you looking at the moment at even dropping the 17 1/2 per cent, dropping some of those other perks that people refer to?

PM: It is not for government to drop it. This is an award of the Commission, it is either an award where it has been awarded or an agreement between employers and unions which have been included in awards. Now, it is not a matter of law in other words. It is a matter for the Arbitration Commission. If the employers want to raise this matter, there is nothing to stop them raising it. I don't want it to be inferred from that what our position is. But I do say that any matter, whether it is levels of wages or conditions of employment, ought to be capable of being looked at.

QUESTION: Mr Hawke, Brian Dean from Caringbah. I am a union delegate and I have been a member of the Labor Party for quite a number of years and I have always voted Labor both State and Federal for as long as I can remember. This year I did not renew my membership in the Labor Party. My reason for doing this is that I believe the present day Labor Party has lost its identity. Prior to your initial election victory the Labor Party, in a successful attempt to win the middle ground, moved considerably to the right. And since then we find that any Member of Parliament who opposes you or Mr Keating, in particular, are branded the loony left or the lunatic fringe of the Labor Party. With this substantial move to the right it is difficult these days to see the difference between Labor and Liberal, which disappoints me. In an attempt to assist me with this problem, my question to you Mr Hawke is - what are the differences between the Liberal and Labor Party?

PM: Just before going directly to that answer, let me make the point about branding people as lunatics or loony left. It is not really part of my caper. If people adopt a position which I think is wrong, misguided or unintelligent my caper is to say so. I hope that I have built up a reputation over the years of saying what I think, including if that means saying to some people within my own Party that I think you are wrong. I think it is much better that I say that, in the end you are going to be respected, I think, if you say look you are wrong. I think some of the things that the Left have said have been wrong. I think that they are just trying to believe that in 1986 you can talk in economic terms as though we were still back in the halcyon days of the 1950s and '60s. Now, the world might have stood still for them but it hasn't stood still for anyone else. There has never

been a time in the history of this universe—where change has been so rapid. And the great crime that we will commit - as a Labor Party, as a government, as a people - is if we simply say the world hasn't changed and we can have exactly the same thinking in 1986 as we had a generation ago. That is the greatest crime that we can commit. And I will criticise people, wherever they are, if they make that fundamental mistake. You ask me what is the difference. I think the difference is this. That when the Liberals were in, and remember this - if you go back to 1949, that is 37 years, in the history of this country, for all but 31 of those years now the Liberals have been in power. And if people have a feeling that there is something wrong with the basic structures and attitudes in this country, they have got to remember that the conservatives have basically had control of this country for that period. The difference between us and the Liberals, and I am not here to attack all Liberals because I don't think all Liberals are crook or wrong or silly or stupid - they are not - but I think the philosophy is inappropriate to our times. They basically are people of the past. They think that what has been done in the past is appropriate for the present and the future. And I think the thing that differentiates us is that we think you have got to change and that is what attracted some of the criticism of the Left. I think that because the Liberals said we had had four banks in Australia, four Australian banks, and you shouldn't have competition by bringing in foreign banks. I think that the Liberals were wrong and I think the Left of the Labor Party was wrong. They shared a stupidity because they thought that the past was appropriate for the present and the future. I don't think that .

QUESTION: My main concern Mr Hawke, the Labor Party's philosophy briefly is that the Labor Party would like to see business make a reasonable profit, they also like to see the quality of life for all Australians to be improved with special emphasis upon the poor and the underprivileged. We have seen one side of that scale successfully carried out where profit rates are at a 20 year all time high, as you mentioned earlier. But on the other hand, recent surveys are showing that more and more Australians are living below the poverty line. Now, something surely has to be done to assist these people.

PM: Let me very quickly make these two points. Firstly, in terms of the proportion of total government outlays in the social welfare area, they have increased under this government from 40.9 per cent when we came to office to 42.3 per cent in the '85-'86 budget. So there has been an increase in the proportion of our outlays in this area. That is the first point. And there has been an increase in payments beyond indexation of the best part of two billion dollars. So it is a myth that this Government has just been concerned with economic efficiency and that we have neglected the areas of need, we haven't. But the second and in a sense the most important point is this - we have got to get out of our minds as Australians that there is some sort of magical dispensation that exists there, going back to

what I said at the beginning. We have got a cargo cult mentality. That the gods descend out of the skies and say here is a lump of money, whether it be for the unemployed or for manufacturers who want another incentive or for farmers who want something. All of the requests, legitimate in themselves, but Keating and Hawke, this Government or a Liberal government. We can't create real money. The only real capacity that will last and help this community to help those most in need is an economy which is growing in real terms. And that is what my philosophy and the philosophy of this Government is about - is to try and maximise real economic growth so that out of the creation of real wealth, we as a community will be able to do more for those most in need.

MARTIN: Let's shift the subject a little. Would you like to ask a question?

QUESTION: My name is Kay and I am unemployed. And I was just wondering, doing this volunteer work, while we are doing it how are we going to be able to look for work?

PM: Part of the idea is that it wouldn't be for five days a week. It would be silly to do that because then you wouldn't have any opportunity. I wonder Ray if I could just quickly say something to Kay in terms of reaction to the idea. At the Premiers' Conference, all the Premiers and you can imagine the political differences there are between Sir Joh on one hand and John Bannon on the other. They all agreed that they wanted to cooperate with this. The organisation which represents all the local government organisations (about 837 of them around Australia) have written to me and said they support. The Youth Affairs Council of Australia said they want to cooperate, the Australian Council of Social Service. So we are going to get all these groups together and try and get a bank of community work but the idea will be that it won't be for five days - perhaps a couple of days, three days - so that the unemployed will get a lift out of the feeling that they are doing something, not just getting the hand-out but there is a real positive connection between the community and the unemployed. And I think that in that way it will probably increase their stature. And then in that remaining period of the week I think they will probably feel better, probably more motivated to go out and look for work, but very much part of it. But there will still be time still to look for full time employment.

MARTIN: Can we ask on that same subject some of the unemployed people here? Have you got a question for the Prime Minister?

QUESTION: I heard the Address and I agree with that voluntary work is a good idea. But we do a commercial youth radio show on a commercial Sydney station and when we tried to get a CEP program they gave us all the reasons why we couldn't get one.

PM: The CEP program is different from the sort of thing that I am talking about because there a lot of that actually involves a fairly large input of money with capital, it has involved with many of the projects the building of halls and so on which otherwise wouldn't be built. We are not talking about that sort of thing here. It is really talking about work within the community that just simply otherwise be done, which would give the unemployed young people a feeling, as I was putting it before to Kay, that at the moment the only nexus, connection between the community, between society and the unemployed is - there's the dole cheque. There is no other nexus. What the unemployed have been saying to me is that they feel that they want to do something. And so talking to the organisations that I have been talking about, including voluntary organisations - Rotary and so on - there must be an enormous bank of things out there to be done which wouldn't normally be done in the private workforce or the public workforce which would give satisfaction to the community, give satisfaction to the unemployed. It is different from the CEP programs where we are actually putting large amounts of money in to build capital projects. It is a quite different sort of thing.

QUESTION: But wouldn't we be better off doing training and saying what we want to do rather than doing things that we wouldn't want to do?

PM: Of course. The idea of the community work program does not involve any cutting down in the increased funds that we are making available for traineeships. We are looking to try and create 75,000 of those before the end of this decade, increased money for apprenticeships and so on. All those training programs are there but you are still going have, at the end, a fairly large number of people who are not going to be able to be involved in those. So you are trying to get to those people, do something for them.

MARTIN: The questions we kept getting through here, PM, through these letters along with this fellow's question was why not make it compulsory. One thing to be voluntary, why didn't you simply say as with the old schemes, older people remember the old schemes.

PM: Well, it would be a fraud to talk about compulsion because you have got guarantee that in any immediate sense we would be able to get together a bank of community jobs, running into hundreds of thousands, there would be more of a demand, more of the unemployed than there will be community work. So the question of compulsion in those circumstances would be a fraud. You would have to imply, if you said compulsion, that you know that you could immediately have available more of these jobs than you know, in fact, you could create.

MARTIN: They are talking of course about the old schemes where people painted park benches and fixed up playgrounds and those sorts of community efforts.

PM: The RED scheme. That was not comprehensive enough, it didn't cover the full gambit. If you reached a stage some years down the track where you, as a community, created more community work opportunities than there were people, and you got a body of people who were saying to the community we are just not interested in doing anything, the community may well then say to the government well we want you, in those circumstances to look at the question of compulsion. But it is an unreal sort of injection at this stage.

QUESTION: My name is Rhoda and I am unemployed as well. What I am worried about is the scheme being abused, people who could be getting jobs are going to lose jobs because they will think right we will use these people on this scheme, we will get things done. And also I was the scheme, where after being unemployed for six months, I had the government's support where if someone employed they payed a percentage of my wage. I was used for the time that that was available and sacked the day it was finished.

PM: That was the SYETP, the Special Youth Employment Training Program, known as the Sweet P. And I know, it was a scheme that was abused, you are quite right. But this is something quite different. We have reformed the Sweet P scheme so that where you do have the community, and I keep saying the community not the government, it is the community's money. Where the community is providing assistance to employers, it is much more rigorously oversighted so that that sort of abuse can't take place. But what I am trying to point is that over and beyond the opportunities that are provided in the normal workforce situation by schemes like the Sweet P scheme and its equivalent. There is still unfortunately although we have reduced the levels of unemployment from the over 10% that we inherited down to less than 8%. There is still going to be people who are not going to be able to take advantage. So these sorts of schemes that we are talking about are not in the normal private employment sector. The sort of things that need to be done in a community for which there wouldn't normally be assistance. Let me give you an example. It is just an example but assistance to the aged, I think there is a lot of good that could be done in this community by unemployed young people. Giving assistance to old people, there is a number of ways in which this could be done. Helping to clean up old peoples homes, just a whole number of things that aren't in the private sector workforce sort of concept but things that could be done which would make old people better.

QUESTION: But along the lines of the charities, things that charity workers do

PM:-- Yes, you see you have Rotary organisations and Lions clubs right around Australia. They are organising working bees to try an improve the facilities that are available to old people and disabled people and so on. Now those sorts of things are admirable. It seems to me that we could help young people get a

better sense of their self-esteem if rather than just going along and getting the dole cheque they had the opportunity of doing those sorts of things. It is not intruding into the normal private sector workforce or the public sector workforce. But it is doing things that would be both good for the community, good for the young people themselves, and as I said to Kay, still leaving them time to try then to look for work in the normal workforce. And I think they would go looking in that way with a better sense of self esteem.

QUESTION: Hula Pillion from Southern Highlands. Appropos of having people work - I belong to an organisation which could tomorrow give unemployed people, at least 30 of them work. I even got a bus drivers licence because there was no one to transport mentally and physically handicapped people. And I am sure if the young people went to organisations like neighbourhood centres and what have you, they could all get part time work which would, I could give 20 of them work tomorrow, and they would do 20 or 30 hours work for the week and feel good about it. That wasn't my question but that was Could the Government not save money by issuing, instead of a new Australia Card to everybody, a passport which could be utilised overseas as well and it would take the part of the ID card, I mean it is an ID card isn't it, a passport, and I would say quite a big percentage of Australians have a passport and it is a status symbol to some.

PM: No, they serve two different purposes. They are two quite separate sort of concepts. We are committed to the idea of an ID card because there is no other way in which this community, I go back to the fact that it is your money that we are dealing with, your resources. There is no other way in which a Government can be certain that it will do two things. Firstly, in regard to the collection of tax it will be sure that everyone is making their contribution. And secondly, that we can cut out fraud in the social welfare area. Now the best estimates are that through the issuance of an ID card with a photograph will save billions of dollars in that way of your money and that is what we have got to do.

MARTIN: Alright we will take a break there for a moment then we will come back. The PM has agreed to stay for an extra few minutes. So take a break and then back.

QUESTION: Dedrie-Lesley, you encourage us to buy Australian goods yet most Australian goods cost more than imported goods. What is your Government's policy on funding Australian manufacturers?

PM: First of all it's not accurate to say most Australia goods cost more than imported goods. That's not true, some do. We've got a range of assistance to the Australia manufacturing industry. One which is terribly important is the 150 per cent tax concession for research and development to Australian manufacturing industry which has been widely welcomed by them and has paid off a lot of dividends. But I wonder if I could just quickly say something about buy Australian because we talk about the things that governments have got to do and it is right that governments on your behalf have to do things that only governments can do. But this area of 'buy Australian' is something where every single Australian can do something to help this country. I think I said to you before when we were talking about it, I want to say it again to this audience. If each single Australian, or those responsible for all Australians in the case of kids, if we were to substitute our buying just in a whole year \$100, if we to buy \$100 worth of Australian products where we spend it on overseas products, that would add up to \$1.6 billion. If we made it 200 that's \$3.2 billion. Now I've just sat down and thought about it myself because I just don't like saying words without thinking about what it means. And I have thought of things where I have bought some articles of clothing which if I had bought Australian, I could have done it and I was a bit sloppy about it. Now I think if we just realise that at \$100 per Australian in the course of a year we could turn our balance of payments around by \$3.2 billion. Now that is the sort of thing we can do. We ought to convert our statements about being proud to be Australians into reality. And that is something each one of us can do Ray.

MARTIN: Can I dip back here again because I am sure you have heard the criticism. Buying Australian - letters here saying why are we buying New Zealand carpets for the new Parliament House? Why are buying Italian glasses for the new Parliament House?

PM: Well, I agree. I just don't agree with those decisions. Let me say that what happens in terms of decisions that are made by all the authorities and so on doesn't come to Cabinet. I can't answer for every authority but I would say to you quite clearly that as far as this Government is concerned now we are going to be pushing at the level of Government purchases for a preference for Australian products. The Government will give the lead and I hope that ordinary Australians themselves will just consciously when you go to buy something you say - is this Australian?

MARTIN: --Is that suit Australian?

PM: That is Australian - Melbourne. This is Gloweave, Melbourne, Fletcher Jones, Florsheim, Melbourne. The best socks in the world, the computer roll up socks. And modesty forbid me but beaut Bond underwear.

QUESTION: Mr Hawke, my name is Gary Wicks. I am from the Kurnell oil refineries. Taking on what you just said about buying

Australian, your Government is considering in late 1987 early 1988 bringing in a concept known as a free market in the oil industry in Australia. Now would you not see that as being diametrically opposed to what you have said about being Australian, buying Australian for Australians because to import all that finished product from overseas at the expense of the Australian refining industry is just hypocritical?

PM: No it is not. Let me make this point that we haven't got unlimited Australian resources of oil. We haven't. I mean if we had a situation where we knew that there was just an unlimited amount of oil then what you are saying would make sense. But we have got to look at conservation of our resources as well as utilisation so it makes sense to try and get the best economic deal that is available when you have those limited resources. Quite different from the sort of thing that I am talking about where out there on the shelf if you have got two products, one Australian and one imported, where you should I believe make a conscious decision to buy Australian if you possibly can. It is a different proposition.

QUESTION: Are you aware that that decision, if made by your Government, is going to cost thousands and thousands of jobs?

PM: Well we haven't made the decision yet. But if you simply made every decision in terms of what it meant for keeping an existing Australian job then that wouldn't be wise because what you have got to remember is that Australians have to buy a particularly product. If you insist that for every product it must be made in Australian then the farmers are shot. I mean if you are selling overseas then you do have to import. And what I am talking about buying Australian does not carry the implication that we mustn't import at all from overseas. We have got to import from overseas because if we don't then how are our exporters going to live. Selling from overseas involves buying from overseas. All I am saying however is within that concept where we do have to trade and have imports you have still got a big range of choice as Australian consumers. And it is where you have got the choice, the real choice that exists, the choice should be for Australia.

QUESTION: Mr Hawke, you say buy Australian. I am an average Australian, I walk around the supermarket and pick up products and I say I want to buy Australian. OK the products in the supermarket may be grown in Australia but it is packaged overseas or it is brought in under an Australian brand name but it is packaged overseas. Also in the the clothing line, designed in Australia but manufactured Taiwan, manufactured in Hong Kong, manufactured in China. It is very difficult to buy Australian. Australian manufacturers have been forced into a position of just another multinational company. To manufacture in Australia they can no longer afford to compete with the goods being imported from overseas. So they are forced into a situation where they may design in Australia but to compete on the local market they then have to manufacture overseas and bring those goods back into Australia.

PM: That is not generally true. It is obviously true in some cases. It is true that in a whole range of areas Australian consumers do have a choice, a legitimate choice between an Australian manufactured design and assembled product in Australian and one which is from overseas. Now I believe that we do have to address ourselves to some of the areas that you're talking about to try and get a situation where there is more done in Australia to develop Australian design. Can I just go to one thing that I was talking last night up at the Lodge to Barry Jones, the Minister for Science. He was telling me about this truly exciting development in respect to a motor vehicle engine. I won't go into the technical details, but it's quite revolutionary. It offers an enormously exciting prospect. The thing we've got to make sure of in regard to this, if it's a goer which it looks as though it can be, is that as far as we can keep the benefit for Australia. Too often what's happened in the past you've had Australian genius in a whole range of fields, they work out the concept then off it goes overseas and we lose the benefit.

QUESTION: Isn't that a Government problem that the funds aren't there to develop. OK the research is done in Australia but then researchers have to go overseas to develop their goods.

PM: There has been too much of that in the past. What I'm saying is

QUESTION: But there's still too much of it.

PM: Well it is much better now because we are in it by a range of the things that we've done as Government providing more incentive for the people with the ideas to stay within Australia. As far as this particular one that I was talking about, this new revolutionary concept of an engineer that's being talked about here.

MARTIN: Let's go to the last question. Let's give the last question to the next generation Mr Hawke.

QUESTION: On a recent program small kids with wheelchairs didn't have enough money to buy new wheelchairs. Then the next part of the program they showed women surfing getting paid 2,000 or so dollars.

PM: I think it was 12 actually.

QUESTION: To start up a new organisation or something. Do you think that's right?

PM: It was \$12,000 I understood. I didn't know anything about it until I saw the program and as I understand it was to try and develop with \$12,000, which is not a great deal of money in the overall scheme, to try and get more interest by more women in surfing. I'm not saying it's necessarily the greatest idea in the world, but I don't get terribly excited about it. As far as the area that you're talking about, of the disabled, all I can say is that we've substantially increased not only the funding in

real terms, but organisationally improved the arrangements within Australia for more assistance to the disabled. So it is really quite unfair to say, well look, what about the disabled and imply that because \$12,000 is being made available to some exercise in regard to more involvement for women in surfing that we haven't thought about the disabled. I'm very proud of what we've done in the area of the disabled. We've done more for them in real terms than has ever been done before.

ends

attachment

Dear Prime Minister,

Thanks to the Government's support in investing in [and they name their company and they refer to our investments grants] we are now in a position to build a \$70 million plant late in '86. Due to government support 250 new jobs will be created immediately the plant is completed and will increase to a total of 500 jobs within 4 years. I know the Government has done a lot more to assist the country's exports and job creation than it is aware.