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## PRIME MINISTER

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E & O E - PROOF ONLY

JOURNALIST: Mr Hawke, what's your response to Mr Howard's talks with Mr Peacock and his return to the front bench?

PM: I'm, quite seriously, I'm pleased that he's going back on to the front bench, though they are not a very good front bench as is generally recognised. I think it's good for Government that the Opposition should have its best quality on the front bench. It makes for a better Opposition and I think it makes for a better Government. So I welcome the move.

JOURNALIST: Are you going to be going up to Queensland for the election?

PM: Yes, I'll be up there.

JOURNALIST: When will you be up there?

PM: Look, I've just got back from overseas yesterday. I haven't looked at my forward program. I know I'm going up there, I'm not quite sure when it is - it's in the next couple of weeks.

JOURNALIST: How do you see the results going?

PM: How do I see the results going in Queensland? Well, because of the massive gerrymander, it's a difficult job. So putting it, calling it exactly as I understand it, I would say that Labor has got the great majority of the 15 seats that it has to get to win Government. I would think that, you know, the three or four over that that we can say it's definitely got, I think it will fall across the line on it. It'll be a tough job, but Mr Goss is a very good leader and the atmosphere of the conservative camp up there is absolutely unacceptable. It's not just the National Party who are the Government now, but what the electorate, I think, is increasingly realising is that the Liberal Party has been part of the mess and the corruption for most of that period. Labor is the only alternative to what has now been decades of inefficient and corrupt Government.

JOURNALIST: Do you believe corruption is the issue for that election?

PM: No election at a Federal or State level is ever just one issue. In the Queensland election it won't be just corruption, but it will obviously be a very significant issue.

JOURNALIST: Inflation is running at a two year high. Is that acceptable to you?

PM: I'd prefer it wasn't there, but we will certainly be seeing a lowering of that rate in the rest of the financial year. We've got certain special factors which are acknowledged in this. We've got the impact of the higher interest rates .... shown in when they were rising, that's now being reflected in the CPI. Well I think they've plateaued and there's still being the reflection of the floods in the eastern States being reflected in fruit and vegetable prices, that's washed out now, if I can put it that way. So the inflation rate will be coming down. I'm sorry it's where it is, but it will be coming down.

JOURNALIST: Where do you see it ending at the end of the financial year?

PM: Certainly be lower than where it is now. It's not very useful to be absolutely precise about that, but the important thing is that we can say to the Australian electorate it will be coming down as we go towards the end of this financial year.

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