



PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, PARLIAMENT HOUSE, 6 NOVEMBER 1989

E & O E - PROOF ONLY

JOURNALIST: Prime Minister, do you expect any other members of the ALP to be offering public advice about where the Government's going wrong or have they all just about had a go by now?

PM: I would hope they wouldn't be. I was pretty straight forward on Friday in saying that we hadn't had a particularly good week and the fact that we hadn't had a particularly good week has apparently led some of my colleagues to make a few observations. But let me say also on Friday in the evening I was in Melbourne and we had a very fine function in Melbourne of the Victorian Branch and the attitude and the feeling there was enormous. Now I have made it plain I hope in a way which will be adhered to that if there are views to be put they should be put within the framework of the Government and any views should be conveyed to us. The position is basically quite clear as far as the Government is concerned. We believe that our fundamental economic policies are working and working well. They'll produce the right outcomes and the responsibility is now upon myself and my colleagues to make this clear and to continue to show that within the Australian political scene it is only the Government which has policies which are both relevant and can work against the snake oil mixture which is now being peddled by the Opposition.

JOURNALIST: What does it say about the Government though, that there's been this sudden outburst and people the likes of John Kerin, John Button and the NSW Branch as well?

PM: Well John Button? What are you referring to about John Button?

JOURNALIST: John Button today suggesting that ...

PM: I was glad you mentioned today because I, not surprisingly, took the opportunity of looking at the transcript of the interview he had with Pru and I didn't find any problem with that. ... quite a beat up if you tried to make anything out of what John said. Pru put to him after eliciting from him that by comparison with what else was available in the Opposition John Howard had a certain measure of talent, she then asked him about a March

economic statement. We ... another signal about wages directions and tax directions and John said this; "yes, I think we need another signal, I agree with that but that's a matter in terms of what the signals will be and ... it's a matter for my Cabinet colleagues, then the Prime Minister to determine. It's not for me to announce a new program'. Now that's an eminently reasonable statement by my friend and colleague, John Button. Let me say on that issue about signals. We will, as usual, be meeting with the ACTU in February or March of next year to discuss wages outcome for the following financial year. We have the situation now where the existing processes are bedding down, we'll talk to them again in February or March. There'll be a statement about wages direction coming out of that and as we've done in the past we will be consistently and continuously monitoring the economy. If we had the belief then that we had to add to the statement about wages outcomes by anything else then we would make that decision. But let me make it clear, we have no plans at this stage for a March Statement. We don't see any need for it but we have consistently shown since 1983 that in the process of continuously monitoring what's happening in the economy then we will make the decisions and the announcements that are necessary. So to bring that together again, we'll be talking with them in the beginning of the year about wages, we'll be making a statement. If there's anything more that needs to be said or done, then we'll do it. But there is no need to have a reaffirmation at this stage or indicate a reaffirmation of Government policy because the policy is working. If you look at the three elements of it, of fiscal policy, of monetary policy and wages policy, they're all tight, they are working. You've got the evidence today again of the ANZ employment index showing a further slowing down there. The Westpac Melbourne Institute indicators are showing a slowing down. So it's clear I believe that the economic policy of the Government is working and the important thing about that policy is that it's relevant. The issues facing the country are the high level of economic activity which brings with it problems on the external front and on the inflation front and the evidence is that all three arms of policy are tight and are working.

JOURNALIST: Prime Minister, would you prefer your senior Ministers if they had criticisms, for example about the pilots' dispute or about the way which the balance is needed between environment and development and indeed whether a signal should be sent out, that they should make these concerns known within the confines of Cabinet and did you transmit this view to them today in Cabinet?

PM: In the Cabinet today I had a brief opening statement to them where I indicated more or less what I'd said publicly last week, not the most glorious week last week, that there was no need for any concern about where the Government was heading and that we would continue with the existing directions of policy. For any observations they wanted to make there was the opportunity to make them. There was no

question asked, no criticism made, as you would expect there not to be for the reasons that I'd put, that the fundamentals of policy are working, we're going in the right directions. Let me say this, as I've said in Sydney on Friday, I don't think I could've been more open and direct in acknowledging that we - as I have put it in my language on Friday - a less than glorious week, last week. All of us, including myself have some responsibility for that and in that context I think you've got to ask yourself well why is it that it was perhaps the most noticeable? That was because in the six and a half years we've been in Government this Government has dominated both the Parliament and the political agenda. Now when you have a situation that the Opposition's at last come out of its cocoon and produced what it calls an Economic Action Plan then there is going to be some difference of emphasis, if they have a relatively good week, that's going to be noticed. But let me say this; that increasingly what I said would happen is happening and that is that you're going to have more and more concentration upon the woeful inadequacies of this mis-called Economic Action Plan. I mean it is being ridiculed now, you've seen it in today's Press. The different world of Dr Hewson, the world which throws out all the economic certitudes and relationships, the snake oil salesman on behalf of Mr Peacock and the Opposition, are going to miraculously now remedy simultaneously the problems of inflation, unemployment, interest rates and foreign debt. It has been suggested by one commentator it's real Nobel Prize material, to do something that's never been done before. Now what's going to happen now properly is that there is going to be a zeroing in on this snake oil policy which is being peddled. It is both economically absurd and it is socially obnoxious and the pattern of politics in the period between now and the next election will involve two things. It will involve an analysis of the record of the Government and obviously by comparison with what they've done when they were in office and it's also going to involve particularly an analysis of what both parties can promise for the future. On the basis of what's been advanced by the Opposition, they are in terms of the Australian society going to promise without any possible question of argument a return to a massively divided and confrontationist Australia on the one hand and an economic policy which is as I say, absurd.

JOURANLIST: Have you or do you intend to make contact with Mr Loosley or Mr Carr about their comments over the weekend?

PM: I have spoken with Mr Loosley.

JOURNALIST: Prime Minister, can rural Australia expect any new spending initiatives before the next election?

PM: There's a submission before the Cabinet today which deals with both a review of what we've done in regard to non-metropolitan Australia, which is of course a remarkable series of achievements already and a consideration of some further possible initiatives. That's a matter to be considered.

JOURANLIST: What did you say to Mr Loosley, Mr Hawke?

PM: What did I say to Mr Loosley? I think that probably it's a sensible thing that the conversation I had with Mr Loosley should remain between Stephen and myself. As far as I'm concerned, it will.

JOURNALIST: What was the tone of your conversation?

PM: Very genial. My relations with - as with my discussion with John Kerin the other night - you see there is a difference, a fundamental difference between the two sides of politics in Australia today and just let's spend a very short time on them. I haven't attempted to deny that there have been some statements on my side of politics that probably would've been better not made publicly, but these are the differences of emphasis that have been made by people within a party which is fundamentally united about our philosophy and our direction for this country and they are statements made between people who have essentially a sensible working relationship and a shared commitment to the policies and philosophy of this Government. Against that on the other side of politics you have people who simply despise one another and deeply despise one another. I mean you won't have a situation on the Government side of having two senior figures, one, the Leader and the other, the previous Leader, that is Peacock and Howard making it publicly clear that they simply do not trust one another. The divisions and the hatreds on the other side of politics are profound. Here and on the Government side in the recent week or so you've had some concerns about emphasis expressed. I think they would've been better expressed directly within the private processes of the Party and of the Government. That hasn't happened. But the contrast between the two sides remains profound.

JOURNALIST: Why do you believe that this is happening now, Mr Hawke? Why are the outbreaks of publicity happening right at this time? Is it because of the economic ... of your position?

PM: Because of?

JOURNALIST: The Opposition's economic statement?

PM: I think the fact that they've now produced a statement obviously changes the political scenario somewhat because up until that point they had nothing to run on other than the critical observations they wanted to make about Government. Now they've put out a policy and as we acknowledged at the time, if part of that policy involved the presentation of certain handouts, that's going to be attractive to some people until those things are analysed. They've created a somewhat different framework. But in no long term sense, one which is of any concern or adverse, of creating adverse problems for the Government. On the contrary when the time passes and there's more and more analysis of the social

inequity and the economic irrelevance of their statement, the more that goes on the worse for them and the better for the Government. Also I suppose you're reaching the end of what has been a pretty hectic year, a hard working year. All my Ministers - and I don't think there's any argument between us on this - all of us are very hard working people and I guess we'll all be looking forward to the break at the end of the year. But I look forward to it not merely because it's the end of a hard working year, but I truly look forward to it in terms that within this period we're going to be able to position ourselves, in my judgement, remarkably well to demolish the policies which are now emerging from the Opposition. Because without any question those policies are now, as I said on Friday night, creating a position of a fundamental ideological divide. There will be no election, in my judgement, in the post-war period more important than the upcoming election. Any nonsense that's been talked by inadequate analysis about this being a political scene that two parties of the centre with only peripheral issues of difference between them must surely now have been absolutely eliminated in the minds of any thinking person. You've got a stark alternative and I'm looking forward, eagerly, to exposing the starkness of that alternative and what constitutes the differences between our two parties.

JOURNALIST: Mr Hawke, you've said that you had yourself contributed somewhat to last week's problems. How would you identify your own ... did you go wrong?

PM: I think I was a bit tired at the end of the week and some of my answers were a bit long and probably a bit dreary and that probably didn't give the sort of stimulus in which a leader ought to -

JOURNALIST: What about the matter of the disputes?

PM: Well I'm glad you asked that and I do wish that in the reporting on it there would consistently at least be an accurate reporting of what I said. I said - I mean adjectives do mean something - I said quite clearly that the industrial dispute was over and let me make it clear before going back to that, I at that point made it quite clear, as I do now, that the problems that are associated with that original dispute, that the problems associated with that dispute are still with the industry, that there is a rebuilding problem going on and I at no point then or since seek to diminish the problems and not only the individuals but also particularly the tourism industry have suffered and to some extent are still suffering. I think it was less than fair to the reporting of what I've said that that wasn't made clear. I understood then and I understand now that individuals and the tourism industry have suffered and are continuing to suffer from the aftermath of what was originally that industrial dispute. But it was more - the point I was making was more than merely a technical one and no-one I notice has questioned the accuracy, the technical accuracy of what I've said. But there's more to it

Michelle, than merely a technical and legal point. The reality which must be understood is that as a result of the ending of the industrial dispute in the technical sense, the reality that flows from that is that the AFAP has no part in the rebuilding operation that's going on. This is a point that I wanted to make clear and which is indisputedly true. The AFAP has no part in the resolution of the rebuilding program which is going on and that's not because it's something that I wanted to produce but it's a result of their decision. It's not merely the resignation of their members from the two airlines but when that resignation was followed up by the taking of their long service leave entitlements and the complete severance of the relationship of their members with the two airlines, then that fact - which is a fact and not a Prime Ministerial opinion - is relevant to the processes now of rebuilding. What is happening now as you've seen is what I said would happen. That is once they made that decision to sever themselves, then the airlines, with the assistance of the Government, have gone about the process of rebuilding airline services in this country. As you've seen, according to the statements of the airlines they have now provided a scheduled service, announced service according to which people are able to book into December and then they will be doing the further scheduling for the period from January through to March. So I want to make it clear that I was making not merely a legal point which is unarguably, indisputably correct but it's also more than that, it's to establish the point that now in the resolution of the problems which are continuing following that industrial dispute, in the resolution of the problems that are real then the AFAP - their decision has no part in resolving those issues in rebuilding the airlines.

JOURNALIST: You indicated earlier on that after the talks between the Government and the ACTU next year, there'll be some sort of statement on wages direction and possible wages outcomes. Is that likely to be a broad statement which could also include matters such as tax which -

PM: No, I specifically went to that, Paul. I specifically went to that. I said there will definitely be a statement coming out of that meeting in terms of wages. In terms of our analysis and continual monitoring of the economy, what's happening if - and we get to that stage - it's our judgement that there needs to be more done or said, then that will be done. But we haven't at this stage got any plans for what you might call a March Statement. But if we regard it as necessary to add to what we'll be saying and doing in regard to wages, that will be done.

JOURNALIST: Mr Hawke, is there room in that sort of wages statement for a component relating to child care?

PM: Well conceivably there could be. We'll be reviewing all of our areas of relevant policy - and by that I mean within the context of the social wage approach - our wages policy as you know has this essential foundation and that is

that we seek and have achieved successfully, restraint in the making of money wage claims which restraint is compensated by outlays in the area of the social wage. Now what you do in regard to child care has been seen properly as a component of that and it can continue to be seen as such.

JOURNALIST: Prime Minister, were you caught on the back foot though by the Opposition's proposal to more than quadruple the spending on child care?

PM: Not caught on the back foot. I mean, we'll be quite happy as we go up to the election to compare both our performance and our policy on child care with the Opposition. I mean, look at what we've done in the area of child care. It's been, I think, a remarkable achievement. It was not the best kept secret that that's an area at which they were looking. I simply say this to you, that I will be quite confident by the time we go to the election of comparing our position, our achievements and our policy in that area with the Opposition, both in terms of that area of policy itself, but also, very importantly, that policy within the general framework of what we're doing for Australian families.

JOURNALIST: special work to be done on this area, Mr Hawke?

PM: No, I haven't asked for any special work to be done. There may be work being done, but I haven't specifically asked for any.

JOURNALIST: Why are your expectations tax cuts trade off the

PM: No, we haven't I mean, it's just far too early, it would be quite irresponsible to say that's what you'd do. It may well be, it could well be. I'm speaking theoretically now, but it could well be, in terms of the analysis, of what was happening in the economy, it could be that it was quite clear that the best thing to do would be to increase your surplus, that that would be in the best interests of everyone. So, to commit yourself now to a wage tax trade off would be premature.

JOURNALIST: (inaudible)

PM: I'm simply saying that what, I repeat what I said earlier, and that is that we will continuously monitor what's happening in the economy including what's happening to wages outcome, inflation, demand pressures and so on. We'll obviously, as I've said, be talking to the ACTU about wages outcomes. Now, as I've said in answer to another question, remember Paul here, I said that, according to the monitoring that we are doing and the analysis around the if we regard it as appropriate to have anything attached to the statement about what we see as the wages outcome, then that will be done. But it would be

irresponsible to say 'yes, it will be a further tax cut now' when your assessment at the time might -

JOURNALIST: trade off -

PM: I'm simply, I mean, I think I'm expressing myself lucidly and that is to say to you that that is a possibility. That's one thing that could be on the table as being said, that that's one thing that could be there. But there are a number of issues that will be examined and in terms of our analysis of the economic situation, we'll make the decision and the range of decisions that we think are most appropriate.

JOURNALIST: Mr Hawke, if the economy does not show any clear signs of slowing by early next year, will that create pre conditions for the Government to stand

PM: Well, I think, let's say this. I think we can probably say today, with a little bit more assurance than I could have, say a month ago, that there are more signs now of the economy slowing down than we would have a month ago. I mean, I've just referred in one of my previous answers to the latest ANZ employment index which gives a further indication of a slowing down in the demand for labour. You've got the Westpac Melbourne Institute survey of leading economic indicators which are showing a further slowdown. So, I think that we can say that there is some more evidence of a slowing down now than there was then. I would expect by that time for there to be further evidence.

JOURNALIST: Just on that point Mr Hawke, given your confidence that the economy is slowing and also that the base economic are in fact Are you more confident now than before that we'll see interest rates falling towards the end of this financial year?

PM: Well, while I've said, Paul, that there's somewhat more evidence available now about a slowing down, I repeat what I said before, that we will need to be quite confident in our own mind that the slowing down has reached a point where we could with confidence contemplate an easing of monetary policy. I'm not going to pre-empt that other than to repeat what I've said. I do think there's somewhat more evidence of a slowing down now than there was, say, a month ago.

JOURNALIST: pharmacy dispute?

PM: I'm glad you went to that question, Paul. Let me make this point quickly by way of giving it an historical background because it is relevant to answering your question. What we were confronted with was a situation where there was an attempt to negotiate with the industry. We were very close to getting an agreement in the earlier part of this year. Now, I wish we could have got there. But we couldn't, so we had to go to the Tribunal which exists under the legislation established by our predecessors. Under that decision, there was a point put to

us as a Government as to how much taxpayers' money should go to pharmacy remuneration. We've got a responsibility to respect that. But the PBRT did indicate that there were other areas which were relevant to the emoluments and the profession of the pharmacy which were outside their purview and which was appropriate for Government to look at. Now, we've done that. As you know we sought, in that context, after the PBRT decision, we sought to have negotiations with the Guild. That didn't work. So, by last week's decision what we've done is to settle the parameters of the resolution of this matter. You may have noticed that the analysis that's taken place of that decision, some have said it was too generous and, of course, some areas of the industry have said it didn't go far enough. We believe we've got the balance about right. What's happening now is that the industry in its various components is considering the decision of the Government. I simply want to express the hope that now that that decision has been made and the decision has been made and the framework of that decision will be implemented. We would like to have the position where the Guild could be associated with its implementation and within that framework, there may be some issues at the margin which were capable of further discussion, but I want, I want the industry to understand that the framework has been settled, we had to settle it. I hope that they will now respond positively to the very many elements in it which are manifestly of value to the profession. I mean, it does contain \$60 million outlay in its three component parts, the professional allowance, pharmacy allowance, the restructuring allowance. Together some \$60 million. Secondly, it does contain the mark up concept which has been important to them and a preparedness on our part to go with them to the PBRT and argue for the mark up. Thirdly, a preparedness to put a representative of the retail pharmacy, well not correct to say representative, but a person with experience in the retail pharmacy industry on the Tribunal, something that they've asked for. Now quite clearly that is a decision which addresses matters of concern to them and it sets down the parameters. We hope that they would now come in and be associated with the implementation of that concept.

JOURNALIST: compensation for the airlines still justified and when will it end?

PM: Well, let's get the language right. The compensation has been not to the airlines for losses, it has been to meet the situation of enabling them to keep on their employees for whom otherwise there would not been gainful employment. By definition, as they are increasing their activities, which they are very substantially, then the rationale for that payment diminishes and is diminishing. There will be discussions going on now in the immediate future with the airlines, both about that area, how much longer that is necessary and also how much longer it will be necessary to have the supplementation of services by the RAAF and international airlines.

JOURNALIST: How much is it costing the Government at the moment?

PM: I haven't got the figures -

JOURNALIST: Roughly.

PM: No, let me simply say this. By the time that process of payment for their otherwise redundant employees, by the time that's finished it will be a significantly lesser amount than the figure of \$100 million that's been talked about earlier in the dispute.

JOURNALIST: For the record, Prime Minister, could you categorically again rule out a half Senate election?

PM: Yes, there's no half Senate election.

JOURNALIST: Mr Hawke, the latest polling shows that your vote in Melbourne is God awful. Why is this, and what can you do about it?

PM: Well, I don't just fragment what we've got to do, Michelle. I think that the essential things that we have to do to some extent been covered in earlier comments that I made and it's true, not only for Melbourne, true for Australia generally. I think we have to do these things. We have to communicate the achievements of the Government in the fundamental areas of importance for the Australian people. That includes not just economic policy generally, micro economic policy reform, that's been done in the area of employment and for families. What we've done also internationally in terms of the future of this country. We've got to communicate those achievements which are very, very substantial. But, I think, increasingly, as I've said, what we have to do not only for Melbourne but for the rest of Australia, is to starkly and sharply draw out the contrasts between what the conservatives are offering as an alternative Government and what we offer. quite clear that they are offering nothing more than a return to the divisiveness, the confrontationism and the inequity of the past. I don't think the people of Melbourne, or for that matter the people of any other part of Australia, are going to take too kindly to the proposition that billions of dollars of capital tax gain liability are going to be made capable of avoidance so to benefit one percent of the population at the expense of the great masses of people of Melbourne and elsewhere in Australia. That is typical in a glaringly obvious example of the sort of society that the Liberals and National Party want to create. When the people of Melbourne and the people of Australia understand that I have no doubt what their judgement will be.

JOURNALIST: Do you think that John Elliott is an election issue?

PM: Good question. I think, rather than John Elliott himself, I think John Elliott himself to some extent is an issue. But I think that what John Elliott represents is an election issue. John Elliott, because he is President of the Liberal Party is the starkest example, if you like, of what is represented by the Liberal Party policy, the Liberal/National Party policy. In a very dramatic and unavoidable way, Elliott is there, on the scene and can be shown as epitomising what their policy is about. Their policy is about giving John Elliott and his ilk billions of dollars of benefit of a total perversion of the tax revenue system of this country. That it means going back to what this country suffered from in the seven years before we came to Government. That is, that those with the greatest capacity to make a contribution to the revenue of the country are going to be free from that responsibility. That means not simply that this is a grossly inequitable society that they want to create, but in terms of the real interests of ordinary Australians, that means Government being denied, literally, for a time billions of dollars of revenue which could otherwise be used in advancing the real interests of ordinary Australians. So, John Elliott, in a sense, epitomises, represents that stark contrast between the two sorts of Australia that are on offer and in respect of which a choice has to be made at the next election.

JOURNALIST: In spite of the events of the past week are you confident that you have or can stop the rot in the Party?

PM: Stop the rot what?

JOURNALIST: (inaudible)

PM: I thought you said something after that.

JOURNALIST: Stop the rot in the Party.

PM: I don't accept that there's rot in the Party. I mean that's an overstatement. I think I've been totally frank in acknowledging that there've been problems. No-one can say well look the Prime Minister has tried to dodge the fact. I've acknowledged it but I've tried to put it in the perspective. I think that we would be better off if what had happened hadn't. But there's no sense in which this is a rot. I don't have to stop the rot. What I've got to stop and what I will stop is a certain lack of discipline I think that's been exhibited and getting everyone together and united and a tight disciplined Government - which has been the hallmark of our six and a half years. There'll be no problem in achieving that.

JOURNALIST: ... been criticisms, a couple of criticisms, firstly your handling of the pilots' dispute and in the pre-empting of various Cabinet decisions that you have lost your capacity for consensus.

PM: No, ... none of the analysis, that's wrong. My approach to the running of this Government is still very much a consensual approach. The Ministers still have, both within the Cabinet and in terms of approaching me, a very great deal of freedom - as they should have.

JOURNALIST: (inaudible)

PM: How about letting me finish the answer old boy. Thank you very much indeed. I'm indebted to you. That they have that freedom in the - I think the one issue that's probably been talked about where I pretty firmly put a position before Cabinet in regard to Kakadu. Now there, that wasn't at the beginning of the Cabinet consideration of this matter. The matter had been before Cabinet on a number of hours before that on different occasions. I reached the point where I'd listen to all that had been said and thought about it and I wanted to concentrate the discussion. I did that by making it clear what I thought was the appropriate outcome. And that was agreed to. But in terms of the handling of this Government's business I think probably more than it's been the case with any other Prime Minister that I understand, and as far as we can look back, mine has been an approach of making sure that every Minister has a full opportunity to make his or her input. I have no intention of changing from that course and I haven't. You mentioned the pilots' dispute there. We had a lengthy discussion in the Cabinet about that and as far as I can recall there was unanimous support for the approach that we've adopted.

JOURNALIST: Do you think that Mr Elliott played some role in the formulation of the Liberal tax policy, specifically on capital gains tax?

PM: I don't know what the nature of his input was.

JOURNALIST: Coming back to Senator Button Mr Hawke, you did say there was a need for I think you said ...

PM: (inaudible)

JOURNALIST: (inaudible)

PM: I think ... another signal.

JOURNALIST: It does suggest that there's a need for ... at least an adjustment in policy at the present time.

PM: No it doesn't. C'mon. Let me read it out to you again Milton. I think we need another signal, I agree with that. But that's a matter in terms of what the signals will be and when. It's a matter for my Cabinet colleagues and the Prime Minister to determine. That's a - I find that a perfectly unobjectionable statement and I've addressed myself to it by saying that we will be indicating to the Australian electorate at the appropriate time in this area of economic policy which has been talked about, what new developments

there'll be. We don't - there's no need for a signal from the Government as to whether its policy is working. The policy is working. As I said, each arm of policy is there. It's tight - fiscal, monetary, wages. They're tight and they're working. I've given the evidence. More indications, just most recently of how it's working, if there's one side of politics that really needs to be put right on the line about what its policy means, more than a signal but an explanation of what this different world in inverted commas is that's involved in their policy, it's the Opposition. It is a joke. It's no coincidence that you have a significant economic commentator coming out today and ridiculing it. ... it's rewriting the text books. Most interestingly of course, and if you're going to really get down to the guts of their non-policy, the fact that it's snake oil irrelevant nonsense, it's this. That at the heart of it it's wages policy. They say there that ... what's their phrase - I'll just get their phrase about wages policy. "If you move decisively and quickly" - this is on wages - "if you move decisively and quickly you can avoid any significant effect on unemployment." Now there is no commentator in Australia I suggest who will begin to give credence to what they're saying in that area. There is no way known to man or woman that they can bring in a wages policy which is the central linchpin of producing all their other snake oil promises on inflation and interest rates and foreign debt and unemployment. Wages policy is critical and there is no way that they can make that work.

JOURNALIST: Mr Hawke, ... number of indications of the slowing up of the economy ... require before they can determine there's enough confidence ... monetary policy?

PM: That would be an act of judgement taking account the range of indications. And the areas that are important as you know are in employment, housing and so on. When you're looking at all those indicators we feel that together we've got a firm enough basis for saying that the economy is slowing down in a way which would be relevant to having confidence about the level of imports and activity and also the ... inflation. Bring those things together ... enable us to form that judgement, then at that point the decision will be made in regard to measuring of monetary policy.

JOURNALIST: Prime Minister, have you conceded that in the Parliament last week you didn't perhaps put? How do you think you can improve you own personal game?

PM: I think that basically the game has been played ... One thing I could probably do is try and get a little bit more sleep.

JOURNALIST: Mr Hawke, Mr Peacock has just told the Jewish community leaders that he's ordered his shadow foreign minister, Senator Hill, not to talk to PLO leaders such as Terzi, the UN Ambassador. So how do you see that sort of decision?

PM: It's a little bit a case of trying to close the stable door after the horse or the Hill has bolted, isn't it. If you wanted a massive piece of hypocrisy it's the advertisement in the - I forget which one it was - but one of the newspapers in the Jewish community which sought to differentiate the Government ... and the Opposition ... saying that they would not have any such conversation. But of course they had already had those conversations. A massive piece of hypocrisy. But not unusual in line with so much of the hypocrisy that characterises everything they address themselves to. Last question.

JOURNALIST: ... ask you to comment on your wife's entry into journalism.

PM: I was very proud of it. a) I was proud of the fact that she was asked to contribute and b) I thought the first article was impressive, well-written, sensitive and relevant to the interests I think of a large number of Australian people.

JOURNALIST: (inaudible)

PM: Certainly a very considerable newspaper and importantly a very large readership.

JOURNALIST: ... Melbourne Cup?

PM: Well this rain has disrupted a lot of things. If it hadn't rained I would've thought that Empire Rose was again a good thing and would have double-up wins. I think all I can say is at this stage I'll be wanting to see what the track is like tomorrow. If the track is good then I think Empire Rose will win again. If the track is rain affected then it becomes much more open and I think you'd have to take account of Coshking. An outsider with a bit of a chance in those circumstances is Fleetwood Lad. I think that's got a chance in those circumstances. So if I took a prime track, Empire Rose. If it's wet, then perhaps ... Coshking. Fleetwood Lad as an outsider.

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