



PRIME MINISTER

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E & O E - PROOF ONLY

PM: I have released today a paper which is proof positive of what I've been saying from the beginning of this campaign that a Party or a coalition which is not capable of governing itself is not capable of governing the country. We have the situation where after the last election I reduced the number of departments, Commonwealth, to 18 and now Mr Peacock is saying that he'll increase that to 25 or 26 - he doesn't seem to be quite sure which. This is not an exercise in good Government. It is indeed the opposite. It is a reflection of the fact that the Liberals and National Party in a hypothetical government situation would not be able to live with 18 departmental situation because they could not cope with having a Minister, a senior Minister and a junior Minister from different parts of the coalition. The best proof of a way in which Mr Peacock and the Opposition have prepared to sacrifice the interests of this country, of course, comes from the critically important amalgamated Department of Foreign Affairs and Trade. Peacock's own words here are very revealing because he said of that amalgamation that he'd been an advocate of it beforehand and it's worked quite well, but he will abolish it. Why? Because historically you have a situation that the Liberals have always wanted Foreign Affairs and the National Party have wanted Trade and they simply did not have the strength, Mr Peacock did not have the strength to manage that situation. If there's ever been a time in which Australia's interest demands that the amalgamation continue, it is now of course, because trade issues are intrinsically bound up with our foreign relations and at this time in this year, 1990, we are in the final stages up to the end of 1990 in the important negotiations under the MTN Uruguay Round. These negotiations will determine the capacity of Australian industries to have access to freely, to international markets. And it is a time when it is absolutely imperative that the ministerial and bureaucratic structure of the amalgamated Foreign Affairs and Trade Departments be kept intact so that Australia's interests are advanced. It is an act of vandalism and politically criminal negligence to have a situation where because you can't control your own internal divisions you

would dismember the bureaucratic structure which is necessary to advance Australia's interests. It's interesting that while Mr Peacock obviously doesn't consider that he would have the strength to handle this situation that Mr Howard seems to have a quite different approach. He'd previously, when he was Leader of the Opposition, welcomed the new arrangements and I refer to those in the Press release. He obviously regarded himself as strong enough to be able to contemplate managing the sort of situation, something, which unfortunately is beyond Mr Peacock.

JOURNALIST: Prime Minister, one week out where do you think you are? How is the campaign going? Are you going to win?

PM: Well I feel that we have handled the campaign well. Obviously, Peter, in any campaign that you have if you could run every single minute of it over again, I guess there are some things that you may do slightly differently, but you don't have that luxury and I believe that, looking back over the campaign, we have handled it well. I have tried to discharge the two areas of responsibility that I see myself as having in this campaign. They are first, to explain to the people of Australia what are the policies that I and my Government and Party have for the future of this country and I've at all times tried to give that the emphasis. At the same time, secondly, I have also attempted to discharge the responsibility that I have to expose the inadequacies and indeed the fundamental dangers for Australia of the alternative policies of the Opposition. On the evidence available it seems to me that the sort of plan and program and tactics that I worked out before the campaign commenced with my colleagues is working. We have steadfastly adhered to those concepts that I've just mentioned and our program has been consistent in trying to do that. We haven't found it necessary now as we get to the final week of the campaign to press panic buttons, to change itineraries and to talk about having mass rallies which is what's happening on the other side. But having said that, let me say this, I still believe I have to work very hard and I will be doing that up until a week tonight and then it'll be a matter for decision by the electorate.

JOURNALIST: Prime Minister, the level of unemployment's gone up, it's up to 6.5 percent. Is this what you set out to achieve?

PM: Well what I set out to achieve, Paul, was a lowering of the level of activity in this country because we were operating at too high a level in terms of the imports that were coming in. Let me go to the question of the employment figures so that we can have them in the appropriate context. What is happening is that there has been a further increase in the participation rate which has given us a record high of participation and we are,

however, experiencing a rate of employment growth of 3.2 percent and we can compare that with a rate of some over 5 percent last year. Now we expect employment growth this year of around about three and a half percent which is higher than two and three quarter percent which was expected at budget time and the expectation that I have in regard to unemployment, Paul, is that it will be about 6.25 percent, the average for 1989/90 which is the figure which we put at the time of the budget.

JOURNALIST: Will the level of unemployment in fact go much higher as we go into the next financial year?

PM: I wouldn't expect that it would because you would expect these things to happen. Firstly, it is our judgement and the judgement of most commentators that we are, in the jargon of the economists, going to have a soft landing which means, simply this, that we will come down from the high rates of growth of product and of employment that have characterised the past, but we will still have an economy of economic growth and of employment growth. As there is a lowering in the level of activity you can be expected that there may be a decline in the participation rate and of course the move upwards in the unemployment rate has been a function of an increase in the participation rate. It is worth remembering again the statistic which I have advanced before and that is that if you had the same participation rate in Australia that I inherited when I became Prime Minister, you would have an unemployment level in this country of 1.2 percent.

JOURNALIST: On the question of Ford, it seems that Ford Australia wants guaranteed protection ... 1992. Could you say what ...

PM: No I can't, but let's get to this question of, of Ford directly. What you've had here is a blatant and, one can only assume, deliberate misrepresentation by the journalist in question. Now he's got his facts wrong. I mean, quite fundamentally wrong. First he didn't know, or if he did he chose not to state accurately, how many people in the meeting. He said it was two people. There was, in fact, three people there and the people that were there, the major parties, the Minister and the Chairman of Ford have in fact repudiated unqualifiably the assertions in the, in the article of yesterday. And with a certain amount of grudging retraction, the journalist in question has in fact this morning said, well I guess if I was rewriting it today I might phrase it a little differently. It would be hoped if he did, he might get somewhere near the truth and the facts are that the, that the Chairman of Ford, Mr Jack Nasser, has made the position quite clear and let me get it on the record as to what he said. In specific terms, Mr Nasser categorically denied, now it's pretty straight, categorically denied that he'd told Senator Button that Ford was likely to quit fullscale local manufacturing

after 1992. Without reading the whole of his release, let me go to the other part. He said he'd had the discussion, the topics were far-reaching covering a wide range of subjects including Ford's already announced intention to invest about \$1.2 billion in Australia over the next five years and you know what that goes to, Mr Nasser said. Our investment in the past and our plans to spend an average \$250 million a year, over the next five years, which is relevant to the period of your question, show Ford's strong commitment to remaining a viable manufacturer in Australia and to continuing development of export markets. This investment has been underpinned by strong profit performance. In addition Mr Nasser strongly denied the claim in a news report that Ford wanted to become more or less an assembler in Australia. This is not an option that makes sense for Australia, Mr Nasser said and he also said, during recent years considerable progress in productivity and quality has been achieved. So let's have the facts right. What you've got is a beatup misrepresentation by a Melbourne journalist which has been repudiated by the people who were at the meeting and in the repudiation, the clear statement of intentions to invest \$1.2 billion over this next five year period. Now as to the question of the context within which the, that is being done, it's also interesting to note in this area ... also find the comment by Mr Howard if I could - I think I've got it here somewhere - another area of difference where the Opposition is trying to latch on to there being some problem in this area. This is interesting, Mr Howard's comment earlier this week, I think it was in the discussion, it was, it was in the discussion he had with Senator Button - I acknowledge the fact that the steel plant did a lot of good in that industry and I acknowledge the fact that the car plan brought a degree of certainty to that industry and that certainty was reinforced by the bipartisan support it largely received from the Opposition when it was brought in. In other words, we've had a situation in Australia where before we came to office, no certainty, the industry didn't know where it was going. We've brought certainty to the car industry, a fact acknowledged by Mr Howard and within that certainty you have Ford asserting now another \$1.2 billion investment intention. Now at the, as we will, as we've done everywhere in economic management before, so in this area, as we come to the next stage there will be discussions with the industry, that is with the manufacturers, there will be discussions with the unions and that's the way we always do it and we will work out what is an appropriate environment in Australia for a continuing growth of the industry. Now that's how we've operated before and that's how we'll operate in the future.

JOURNALIST: (inaudible)

PM: There is no suggestion to me that they asked for any such commitment and indeed you will see that what has

been said by the Chairman of Ford involves a repudiation of the story as it's been. I mean, it's a complete beatup. Obviously, obviously the manufacturers in the motor vehicle industry will want to have discussions with the Government about what are our plans for the future and those discussions, as I've said, will be held. But you can't, I mean, you will be battling like hell, Niki if you, I mean I know you're struggling to find something for support, you know, something in favour of the Opposition - I mean, there's not much around - but you will be drawing an extraordinarily long bow to beat this story up any further. It hasn't got any legs, my friend. It hasn't got any legs because the major participants have repudiated it.

JOURNALIST: Is continuing protection necessary to retain the viability of the car manufacturing industry of Australia post '92?

PM: There will, some degree of protection post '92 will be necessary, yes.

JOURNALIST: Will that be a lower degree of protection. Would you in fact envisage that in the post 1992 plan you continue to scale down protection further?

PM: As I've said before, Paul, I have a philosophical and economic commitment to lower levels of protection. I mean, I'm not now revealing a State secret. It's something that's on the record as far as I'm concerned before and what we have done in being the only Government in Australian history to effect significant tariff reductions without disruption in industry - we're the only Government that's ever done it - we've gone about the process of holding discussions with both sides of industry. So we're entitled on this issue to be examined on our record. What's the Hawke Government done? Answer - significantly reduce the levels of protection in this country. Second question, how's it done it? It's done it by a process of effective discussion and consultation with both sides of industry and you get the comparison there with, you know, what happened in the '70s where the consultation didn't take place and you had so much disruption.

JOURNALIST: (inaudible)

PM: ~~What no tariff on the Australian tariff ... on the Australian motor vehicle industry by the end of the century? You would have to have a question mark in your mind about that. What is certain, Milton, is that what we will do will maintain a commitment to a, a gradual lowering of protection, but in the context where that will be done in consultation with the industry and both sides of the industry and in a way which is going to maximise benefit for the Australian community. I mean, that's what we've done, that's our record and we'll continue to do it.~~

JOURNALIST: Mr Hawke, can you give us some idea of what your timetable will be for the Garnaut Report if you're re-elected? And secondly, who will be the Trade, special Trade Minister, given that Mr Duffy might be moving on to another portfolio?

PM: Yes, well, I've answered - I've had really both questions put to me before in slightly different form. As far as timetable is concerned I've answered it in this way which is the appropriate way - that is that we've already initiated the processes of consideration of the range of recommendations of Ross Garnaut's report and I have indicated that I want those processes to be handled efficiently and as quickly as possible, as consistent with ... consideration of the recommendations and we have structure in the Structural Adjustment Committee to examine those. I would be receiving, with my colleagues on the Structural Adjustment Committee, the first reports of those various bodies that examining the range of recommendations this year and after we're re-elected and we'll consider those reports and then on the basis of reports, get into the negotiations with the various sectors of industry which need to be consulted. Now it would be, in those circumstances, it would be quite irresponsible for me to say, well, here's the, here's the timetable. All I can say is that, as we've demonstrated in the past, it will be an efficient consideration of the recommendations both at the ministerial and bureaucratic levels and then with industry. Now as to the second part of your question, well, I'd you know, like to give you a scoop, but I can't. I'm in the very fortunate position however that I've got a range of talent. What you can be sure of is that Australia's interests in the international trading area will be very, very effectively carried through. John Dawkins did an outstanding job and so has Michael Duffy and Australia's interests will continue to be well represented.

JOURNALIST: But isn't it your position on this, not willing to nominate the Trade Minister now ... a criticism of the Opposition today about them splitting up the Trade department?

PM: In what way ...

JOURNALIST: Well, I mean -

PM: Not in a way that's obvious to me, please explain.

JOURNALIST: ... there's a great degree of uncertainty -

PM: There's not a great degree -

JOURNALIST: ... who your Trade Minister will be ... negotiations.

PM: Not a great deal of uncertainty, not a great deal of uncertainty. We've got an election on and as a result of the election there will be some changes of portfolio. I have demonstrated, in seven years as Prime Minister, that in the decisions I make about the people I put in charge of portfolios and in charge of Australia's various interests, that we haven't put a foot wrong. And I mean, who's to say, I mean, let's be hypothetical about it, who's to say if the assumption you make about Michael's move - it's assumed that I might move Michael Duffy to the Attorney-General's position. Now that's a, that's an intelligent sort of assumption, but it would be conceivable in those circumstances wouldn't it that I could have an overlap period where I would ask Michael Duffy, particularly as we now go to the end of this year in the MTN Uruguay Round, that I could request Michael Duffy to have an overlap period to take it through to the end of that period. Now it's something, if I were considering shifting Michael to the Attorney General, I think that's something I would have in my mind.

JOURNALIST: ... Mr Peacock with whom I talked yesterday in Launceston ... on the recent trade agreements concluded by your Government with the Soviet Union and second, the ... Soviet Union in the Asia Pacific Economic Cooperation. What's your position on this?

PM: Well, one of the great misfortunes of the Australian political scene both in regard to domestic politics and international, the international aspect of our relations is that we have conservative parties who, as I've put it before, conduct themselves by looking into the rear vision mirror of history. Their attitude towards our international relations are still conditioned by some perception of, of a previous cold war situation. They find it difficult to come to grips with what Mr Peacock in other circumstances might describe as the harsh realities. And the harsh reality is, I might say to Mr Peacock, that the world we live in today is a different one and that one of the marks of my Government has been that while we have maintained and strengthened the alliance relationship with the United States, we've also developed a very effective relationship with the Soviet Union under its new leadership, Mr Gorbachev, now President Gorbachev. And I welcome the opportunity that I've had to develop those relations with the Soviet Union and it is very important that as part of that development, we should extend our trading relations. Anyone who aspires for the political leadership of this country and is questioning the good sense of extending relationships with the Soviet Union condemns themselves out of their own mouth as being unfit, I think, to assume leadership in this country. Now as to the second part of your question about APEC, it is the case that the Soviet Union has indicated an interest in becoming involved with the Asia Pacific Economic Cooperation development for which I've been responsible. Now I think at this stage, it is premature to talk about the inclusion of the Soviet

Union in APEC. That by no means is an indication that at some stage their involvement would not be relevant ... as the Soviet Union is a country with a Pacific border and with interest in the Pacific and with legitimate interests, but I think it stretches the imagination at this point to classify the Soviet Union in the same degree of involvement in the Asia Pacific area as the countries who are foundationally involved. But I think it would not only be the attitude of Australia, but I think it would be the attitude of the other countries in the APEC forum that as time development, as time develops and particularly as the economy of the Soviet far east develops, and particularly as the development of the Soviet far east economy is a function of cooperation with countries of APEC, then in those circumstances it may become appropriate to think of some Soviet involvement in the forum itself.

JOURNALIST: ... clarify this protection question again, Mr Hawke ... philosophical commitment in this area ...

PM: I don't regard it as unclarified by the way.

JOURNALIST: Well it's certainly unclarified to me. Given your philosophical commitment in this area, will you be speeding up in the next term, the rate of protection reduction?

PM: The speed at which we will be doing it will be an outcome of a consideration of the, particularly of the, of the Garnaut report and of the consultation that we have with industry. My philosophical position and my position speaking as an economist, is that I am committed to the fastest possible rate of protection lowering which is consistent with optimum economic outcomes. So that, and that's not jargon because what we've had to do in the period up till now in achieving the very significant tariff reductions that we have and which have been welcomed within Australia and internationally, that's been an outcome, not only of decision making in the Cabinet room, but of discussions with both sides of industry.

JOURNALIST: So ... the answer ...

PM: The answer to the question is that we will be attempting to increase the rate of tariff reduction as quickly as possible.

JOURNALIST: And does that apply to both the car industry and also the clothing and textile ...

PM: It applies to all sections of, of industry. What we've done is in the approach of 1988 we recognised that in particular, the TCF area and the, and the motor vehicle which had its separate set of arrangements and we will be now in our fourth term, discussing with those industries as well as with others, what is the, is the

maximum rate of lowering of protection which is consistent with the optimum economic output in this country. So, in other words, you've got a Government which has a philosophical commitment to tariff reductions and I don't think it can be made much clearer than that.

JOURNALIST: The industry, the car industry ... would be unviable ...

PM: It's not a position which I'm prepared to be dogmatic about. It's precisely the sort of thing that I'd want to talk with the industry about. I mean, good Government and good decision making is not about standing up on a platform and saying, oh someone said 15 percent are you happy with that? That's not the way you make decisions. What you do is to have your bureaucracy, your competent people, consider recommendations that are put before you, for instance, like Garnaut and say now come on, we want an analysis of what you think the best outcomes are. Then you have your relevant Ministers discuss these with industry, with manufacturers and with the representatives of employees in the industry and then you assume the responsibility at the end of that process of making a decision. Now my approach will be to try and have a tariff level which is at the lowest possible level consistent with the maintenance of a viable industry in this country. Now you can't be more specific than that. I mean, that's my philosophical framework, the lowest level of tariff protection which is consistent with a viable industry in this country.

JOURNALIST: Mr Hawke, you've endorsed Mr Keating's guarantee of real wage increases in each of the next three years, but you've also said you've got no inflation forecasts for years two and three. Does that mean that you're guaranteeing real wage increases regardless of the rate of inflation?

PM: It means that we are making assumptions about what the likely inflation outcome will be. I mean, I noticed that you've got your knickers in a knot about this before. But it's a very, very simple proposition really, which does not, you know, doesn't require much intellectual capacity to follow. Where we have got so far in the negotiations with the ACTU has given us a position where the wages pipeline, a concept of which I think you are familiar, coming out of the end of this process will be smaller than the one we inherited as we've gone into this one. On that basis we are assuming a lowering of the inflation rate. But it is not the practice - it never has been - when you get up at budget time and say what your inflation outlook is for the next year to say and for the next year it is going to be precisely that and the next year it is going to be precisely that. What you do is to say this is what our inflation outlook is for the next year and to give an indication of the way in which you think things will move. I believe as a result of the fact that we've

negotiated a sensible outcome with the unions, 7 percent, with which we associate a 6 percent inflation outcome and with which we associate a lower pipeline effect at the end of that, that it makes sense, Greg, to be talking about a lowering of the inflation rate. When the appropriate time comes we will put the figures on that for the next year.

JOURNALIST: Mr Hawke, in answer to Niki Savva earlier you suggest that ... support the Opposition, do you -

PM: I didn't talk about editorial at all, I was answering a questioner.

JOURNALIST: You said obviously you're looking for something ...

PM: You said editorial. I was answering a questioner.

JOURNALIST: ... Melbourne Herald ...

PM: No I was certainly not. Have a look at the transcript dear boy, I mean, I think you are the one that asked me that question over in the docks in Fremantle too. I mean ... have a bad night.

JOURNALIST: Mr Hawke ... that we could well see increased political instability in PNG. What would you consider, would you consider some sort of escalation of our ... military or otherwise? What would you consider to be appropriate?

PM: No I am not talking about an escalation of military commitment ... beyond what we have already, it's a matter of public record of what we have done in terms of saying that we would assist in the growth of numbers. But that was something which has been announced weeks and weeks ago. We have not considered anything beyond that. I had the opportunity of talking last night by telephone with the Prime Minister of Papua New Guinea, Rabbie Namaliu, a person I have known for very very many years and he assured me of these things. He assured me first of all that there would be no support for this drunken exercise of Tohian's by anyone within the PNGDF and only a very limited response from within the police forces. So he was saying to me, last night in the conversation, that he was confident of support of the military forces for ~~constitutional processes.~~ The second thing that he told me was that as far as the Opposition was concerned they broadly supported the position of the Government on this issue, as they should. And therefore he anticipated no further trouble. I certainly said to him, of course, that I confirm the commitment of the Australian Government, confirm the commitment of the Australian Government to proper constitutional processes in Papua New Guinea.

JOURNALIST: Prime Minister, just to get back to that earlier ... questions, I know you don't want to appear to be cocky or complacent, but what are the odds right now on Saturday ...

PM: The only odds I will be thinking about in the next 24 hours is if I get a chance to look at the Sportsman tonight, the ones that are running around in Sydney and Melbourne and see if I can work out perhaps a couple of good bets tomorrow. I don't think it is helpful for me to be putting odds on it. All I can say is that I think we have ... campaigned sensibly and well and constructively. The indications that are there seem to be that there has been, on balance, a favourable response to that. We have still got a week to go and I will be campaigning as hard as I can in that week. I am not putting odds on it.

JOURNALIST: Mr Hawke, back on the employment for a second, isn't it a fact that some of the increase in the participation rate has been due to women and housewives going out into the workforce seeking extra work to help pay off mortgages? Don't you concede that there is a lot of pain out there in mortgage belt and what will you be offering them over the next week to ensure they vote for ...

PM: I won't be offering anything new over the next week. I will be reiterating what I have said during the campaign. Just let me get this point straight about the increase in the participation rate. It is true, obviously, that some women have gone to work because of their desire and what they perceive to be a necessity to meet added burdens - that's a fact. But don't overlook the fact that we are also undergoing in this country, and we have been since 1983, the quite fundamental restructuring of the labour force in the sense that we have deliberately moved as a Government to remove inhibitions and discrimination against women being in the workforce. You have got to understand that very many women want not just as a matter of economic necessity, but as a question of personal fulfilment to be in the workforce. I mean, don't let's have ourselves bound down by some historical precept that all women regard their fulfilment of their desires as simply being in the home. There are many who do, many who do, and their position is totally respected by this Government. But it is also the fact in this country and in many others that women increasingly see their fulfilment, not just in the home, but as being part of the workforce and that is why we have deliberately as an active Government done everything we can to ensure that all areas of discrimination and barriers are removed. And within the education system may I say, also are doing everything we possibly can to ensure that the education system is structured in a way that all vocations are open to girls as well as to boys. Now, you say what will I be saying in this last week to those who particularly have gone to work to help the

family meet added burdens? I will be saying these things to them, as I have been saying during this campaign, that I am neither sadist nor masochist as I have been saying before. Hawke is an intelligent Prime Minister who hasn't had a tight monetary policy because he thinks it is clever or smart to do it just for the fun of doing it. The simple fact is that in the previous year we had 8 percent increase in consumption, a 4 percent increase in production with a gap being filled by imports in a way which was not sustainable into the future. Therefore where we had tight fiscal policy, no argument about that, four successive years of real reductions of Commonwealth outlays cumulatively representing 8.1 percent, the tightest fiscal policy in the history of this country, tight wages policy. Now in all those circumstances we, with the growth and consumption that took place, had to tighten the other arm of monetary policies. I will then be saying that that tightening of monetary policy is working, no-one is now arguing that it is not working and therefore I will be saying that the judgement that Hawke and Keating make that we have now reached the position where interest rates can fall, mortgage rates, that that is a judgement which on the evidence is shared by the banking community and with a continuation of our policies of fiscal rectitude and wages predictability that after the 24th of March those people can be certain that mortgage rates will fall. They can have no such confidence, indeed the opposite must be their expectation if Mr Peacock were to be made Prime Minister. Why? For two simple factual reasons and not questions of opinion. Going both to fiscal rectitude and to wages, you cannot possibly avoid an explosion of interest rates in this country and a collapse of the economy if you have these two things. Firstly a wages explosion, and I remind you that we are now one week from the election and you still have utter confusion on the part of the Opposition about wages policy. The only certainty about it of course is that you must have a wages explosion, because, if you are going to have the position where you just throw it open to negotiation by the employer and the employee then wages must explode. Under their policy the pilots would have got their 30 percent and then that would have blown through the community and under a Peacock Government that is exactly what would happen. So wages would explode. The fiscal surplus would also be dissipated, the fact is that you have this \$7 billion unfunded bribe. It's there and they still go into this last week with no attempt to answer that proposition. Where is the money coming from? Now there is one of two things that can happen in regard to this person who is suffering some difficulty. They either blow the surplus, therefore interest rates go through the roof, or they cut services by about \$7 billion if they are going to maintain the same budget surplus. Well what sort of impact are you going to have on this person and her family that you are talking about with a cut of \$7 billion in services? I mean, they will be knocked to smithereens. So you have got those outcomes. An increase in interest rates and as well, as

part of it, a cutting of services, because they couldn't cut services to the tune of \$7 billion there would be a blowing of the surplus and that taken is a wages explosion must mean a rise in interest rates. So, that's the message.

JOURNALIST: ... about the raid on campaign offices in Melbourne?

PM: The raid?

JOURNALIST: Yes, selling bottles of wine and port ...

PM: Well, I am not aware of any raid on my offices. I mean, this seems to me to be rather emotive language, with respect. All that I've heard is that some police people visited my office, which you in your colourful language talk about a raid. I mean great reporting mate, great reporting, but hardly accurate. I mean that's the way you report is it?

JOURNALIST: (inaudible)

PM: Well it's the language you used. Did you use the language, a police raid on my office. I mean, perhaps my hearing is going. I don't think so. I think that's what you said. So your colourful language about a raid on my office I reject. I understand that some police officers went there. I know nothing about the background to it. It seems to be that some of my people were going to sell some port or wine. It may - and some character in the area who is a wine merchant has raised the question as to whether that's appropriate for them to do it and whether they've got the appropriate licence. I've simply said to my people when they raised it with me today, and that's my staff, I said simply tell my office that they are to do nothing which is not within the law. Now those are the facts about your colourful question about the police raid.

JOURNALIST: (inaudible)

PM: Beg your pardon?

JOURNALIST: You've said in the past Mr Keating would be a good deputy Prime Minister, have you given any more thought to that in the last two weeks and ... Brian Howe?

PM: I've given no thought to it at all. I'm in the fortunate position, Amanda, that I have a range of very capable people and I've seen one report that Paul has said he would not be interested in being Deputy Prime Minister. ... discuss that. If that were his view and he weren't a candidate and Mr Howe was a candidate, there's no doubt that Mr Howe has got the qualifications to be an excellent Deputy Prime Minister. There may be other people that would throw their cap into the ring. But see the great good fortune that I have, and it is one of the,

if I can borrow Mr Peacock's phrase, it's one of the harshest realities of this last week that I have, one, a totally united team of extremely capable people against an increasingly disunited Opposition. Look at today's Press. They're fighting one another on the question of the multi-function polis. They're fighting one another on wages policy. Just about any issue you want to look at they are in total disagreement. So that is the harshest reality of this last week - a united Labor team where Prime Minister Bob Hawke has the great good fortune of a number of people who have the capacity to fill that job. Against that a totally divided Opposition, where at the beginning of this week you have Mr Howard with that remarkable, remarkable interview. Let me share it with you. He was being interviewed by Mr Chipp. He was asked a very simple question - do you believe, do you believe Mr Peacock - a very simple question - do you believe Mr Peacock, Mr Howard - well, you know, not really going to answer that, ... saying there's only one inference you can draw from the reply, John, and that is that you don't believe Mr Peacock. So I'm quite happy about the problem I've got on my side, that is the problem of a luxury of talent united together in their Party. Against that, that chaos on the other side. Last question.

JOURNALIST: Mr Hawke, you said this morning on radio that you would hope to ... within three years ...

PM: I don't think that I either Paul or myself at any stage have said, have nominated an earlier period than that. But, just let me make the point about the stabilisation of debt. Again, in this final week, the Australian electorate has got to ask itself the question to the extent that debt is an issue, got to ask themselves the question, what is the range of policies available from Hawke which is relevant to the question of debt? What is the range of policies that Mr Peacock proffers which is questioned and which is relevant to the question of the stabilisation of debt. And the answer is starkly clear. We have the policies. Let me nominate them. We have a wages policy which gives you a predictable outcome which will enable an increasingly competitive Australian manufacturing and services industry to increase its level of exports. That can happen under our wages policy as has been happening. 54 percent increase in manufactured exports in the last four years. 69 percent increase in the exports of services. That will continue under our wages policy. Against that, wages explosion and the disaster of the past under Mr Peacock. Secondly, fiscal rectitude. A position where, under Hawke, for the first time in history, surplus three years in a row, \$17 billion, used to pay off Commonwealth debt so that the Commonwealth is a net international creditor to the tune of about \$4 billion. Against that, fiscal irresponsibility on the side of Mr Peacock and the conservatives which would blow the budget surplus and therefore reduce the area of domestic savings available to private industry. Third,

and very importantly, a plan for future savings in terms of superannuation. Facts. When we came to office, \$17 billion in funds, now \$100 billion, and under our policies which make superannuation an award prescription of those funds growing to at least \$600 billion by the end of the decade. Against that, an Opposition policy which is dedicated to stopping superannuation as an award prescription and which would therefore destroy that massive savings plan for the future. So, on the issue of debt, we are the ones who have the policies in place which can and are addressing that. If you look at the figures for the December quarter of balance of payments figures, look at the facts, there you have it that in the December quarter in real terms exports of goods and services up 3.7 percent. December on December, real exports up by 11.4 percent and imports were down. And you got the situation where you've got the current account deficit down from \$5.8 billion in the September quarter to \$4.4 billion in the December quarter - a 24 percent improvement. In other words, our range of policies are delivering, the alternative policies would blow the debt through the roof.

JOURNALIST: (inaudible)

PM: As Paul has said, and I think I've said it myself, you can't necessarily go on indefinitely into the future having the same sort of order of cuts that have occurred in the past. I remind you, there've been four years in a row and that has represented about, in cumulative terms, not about, it's represented precisely 8.1 percent. Now, you can't keep on doing that. What we can ensure however is that, as we've demonstrated, in this election period, that to the extent that we want to fund new promises, that we have been prepared to continue to find savings to do that. We can promise the Australian people on our record. We don't, we haven't got any problem there. We're the only Government that's done it, never before been done. And we will continue to operate at a surplus and at a significant surplus. The other mob have got no chance of doing that.

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