



PRIME MINISTER

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E & O E - PROOF ONLY

JOURNALIST: Prime Minister, what do you think of Mr Maxwell's attempt to buy into The West Australian?

PM: Don't think it will be successful.

JOURNALIST: Why not?

PM: Because it ... we've given an indication quite clearly in the past of our attitude on these matters. I'll obviously want to have a yarn with Paul about it, but we've been at one on our thinking on this issue. We've reflected it in regard to The Age previously and I wouldn't see that there'd be any reason to change that.

JOURNALIST: Prime Minister, the question of the Cambodians in the Northern Territory, the Roman Catholic church there is making representations to the Government suggesting on the grounds of legality, practicality and humanity they ought to be able to stay. What sort of response can you ...

PM: Well, as I've made clear from the very beginning, those processes that deal with these matters are under way. That is the DORS, the Determination of Refugee Status, they are being followed through in respect of these people and it's right, as it should be, and I made it quite clear at all times that that is the case. What I am concerned to establish for everyone to understand, and let there be no doubt about this, that Australia is not going to have some completely open door where people can expect they make up their mind that they will determine Australia's immigration policy simply by coming here. That's not the way it's going to happen under this Government. No government, I believe, in the world has got a better record of compassion and constructive concern for refugees than has my Government. We've taken on a per capita basis, and I extend credit to our predecessor Government on this as well, on a per capita basis, we've taken more refugees than any other country in the world. Particularly that's true in regard to refugees from Indo China and under my leadership we'll continue to show compassion, but compassion - constructive and orderly compassion - is not the same

thing as saying here is an open door for anyone who wants to come. This is, the compassion is concerned with genuine refugees, there are others who've made their mind up that they don't particularly like the environment in which they live for economic reasons and are prepared to pay, as seems to be the case, a reasonable amount of money to people who are organising these departures. Now I'm simply making it clear, I believe, on behalf not only of the Government but of the people of Australia, that we are a sovereign independent nation which will determine its immigration policy and the categories of its immigration policy autonomously. We will not have these things taken out of our hands. Now for those that have arrived then, of course, the processes of the Determination of Refugee Status will go ahead, but I'm making it quite clear what the attitude of the Government is to this, to this situation - people thinking they can just pay whatever they like, take whatever risk they like and come here and think that they are just going to automatically be accepted in this country. That's not the way it's going to work.

JOURNALIST: ... process working for these people returning to Cambodia?

PM: Well, of course, this is precisely what we've got people in Cambodia now. We've got, as you know, a group of people there who are talking with the Government of Cambodia precisely about that, Geoff. I mean, we, as I say, are in a very strong position in conducting these discussions because of the reputation, the factual reputation, that we have for compassion in regard to genuine refugees. So we speak from a position of strength. But we will want to be having discussions with the Cambodian authorities to ensure that as much is done as is possible to prevent the departure of these people on the expectation that they are going to be able just be given unqualified entry into this country.

JOURNALIST: How many boat people have been returned in the past from Australia to various countries?

PM: I don't know the answer to that question, but what I'm concerned about is that we have now, over a period of time, something like 200 odd of these people from Cambodia have arrived in what essentially appear to be, as I understand it, about three different boat loads. Now it's quite necessary from a point of view of this country that the Prime Minister and the Government make it quite clear that there's not going to be some passive position as far as this country is concerned on this issue.

JOURNALIST: Prime Minister, what is Australia's assessment of the return of Pol Pot? I mean, this is a fear that some of these people have expressed. How does our Government view that as a ...

PM: No, our policy has been very, very clear on this and we are at one with virtually all the countries of the region and around the world, who have been involved in the processes of trying to find a resolution to this continuing tragedy of Cambodia. There has been the view taken that the Khmer Rouge is a part of the realities on the ground, if you could put it that way, in Cambodia and all countries, including for instance the United States, have recognised that there has been a, a part for those people to play in the processes of discussion. And indeed, in the Australian plan that we have over recent months advanced, we have had discussions - as you know, as a matter of public record - had discussions with representatives of the Khmer Rouge as well, but we are at one with other nations in ensuring that out of these processes that are being followed and the ... various strands that are being followed, that there be no situation in which the Khmer Rouge is allowed to take over Cambodia again. There's been very considerable advance in the last 12 months or more in the activities of various groups and individual nations to try and get a resolution of the situation in Cambodia and it would be true to say that we are further advanced now than we were a couple of years ago. There are still sticking points, but there is a commonality of position that whatever, in the end, is adopted has got to be one which ensures that there will be the opportunity for the free expression of the will of the Cambodian people. And we are all confident, those who know anything about the situation, have had anything to do with it, that in those circumstances where the people of Cambodia are provided with the opportunity of expressing their wishes, then the Khmer Rouge will not be in a position where they'll be able to exercise power in that unfortunate country.

JOURNALIST: Prime Minister, are you happy with the way the short term English language courses in Australia were monitored as they developed? And what do you make of the fact that a high percentage of the Chinese students, by the time of the massacre of Beijing, had overstayed their visas? You talk of queue jumping in the context of the Cambodians, isn't that another form of it?

PM: Well, this is not something new. We've recognised that, that there were unfortunate features about that and that, of course, has been reflected in decisions that the Government has taken to tighten up these matters and particularly it involved the Chinese and you know the reactions that there were in China about the tightening up that we've undertaken. We recognise, as I say, that there were problems in that and the decisions that we've taken are directed towards trying to ensure that we don't get a repetition of that in the future.

JOURNALIST: Why is it that the DORS Committee process, or a process like that, couldn't have been applied to those students. Was it simply that it was too big a task?

PM: Well, you've got, you've got some 20,000 Chinese here who come into that pre-Tienanmen Square category. Now the decision that will be taken, I believe, by the Government which I've indicated will make the distinction between the period of approximately the 20th of June, before and after. Now in regard to the period before, with some 20,000 people there, it, quite apart from the, the humanitarian consideration which has led us to the position that I have annunciated, you would also have in that situation, mechanical problems of dealing with such a very large number. I understand that the rate of processing through the DORS Committee is of the order of about 40 a month, so you have a, a mechanical problem there. Of course, in regard to the post-Tienanmen Square group, I have made it quite clear that the assumption there, the assumption there will be that those people will return to China.

JOURNALIST: But is it not the case that some of those people would be ...

PM: And I, and I, look, I don't quite understand why it's difficult for people to hear, listen and understand what I've said on this. I've said now on three separate occasions, that in respect of the post-Tienanmen Square people, as indeed for anyone in this country, whether they are post-Tienanmen Square Chinese or others, the DORS processes are available and they will be available to those people. I've said that three times.

JOURNALIST: Prime Minister, the Department of Immigration says that there are at least 60,000 illegal overstayers in Australia. We're also told ... concerned that they didn't have sufficient resources to tackle this problem. Do you think that they need more resources?

PM: Well, that's, that's undoubtedly a question which the, which the Minister will be putting before us in the Cabinet. That's a matter which will have to be decided, considered and decided.

JOURNALIST: Mr Hawke, have we had any indication from the Cambodian Government whether they're prepared to take these boat people back?

PM: Well, what I've seen so far and I haven't had the opportunity of talking, obviously, with the Foreign Minister yet, that's something I'll do as soon as it is possible. But I've seen the public observations that they are willing to accept these people if they return voluntarily, but not if, not to accept them if they don't want to come back. But these are exactly the sorts of issues which must be talked about between us and the authorities of Cambodia and that's precisely what's happening.

JOURNALIST: Mr Hawke, you said you don't know the numbers who've been returned before, but what has been the process in dealing with boat people before who haven't been given refugee status?

PM: Well if the, if the DORS Committee determines that they don't satisfy the requirements and are therefore eligible for staying in this country as refugees, then they will be returned.

JOURNALIST: But they have been returned in the past?

PM: Well, I'm not sure about the, you're talking about the people from Cambodia, I don't know whether in respect of the DORS Committee that where they have made a decision if they've made a decision, that they don't satisfy the category, whether as yet any have been returned. But -

JOURNALIST: I'm talking about the Vietnamese people and other boat people in the past, not this particular group.

PM: Yes, well, as I would understand, where they don't meet the requirements, then we, we move to return them. But of course in regard to Vietnam, you know that we've had to be part, and properly part, of an international consideration of this matter. A meeting was held in Geneva last year in June and the comprehensive action plan was adopted there and we are part of the, the international attempt to deal now with this situation which is requiring an agreement on the part of, of Vietnam that they should accept the orderly return of people who've not been accepted, most particularly in Hong Kong, but not exclusively there and we've been an important part of the process of drawing up that common action plan. Now as to whether, out of Australia, we've had the return from people to Vietnam who have been through the DORS process, I can't say.

JOURNALIST: Mr Hawke, is there any prospect that we would review our attitude to the Hun Sen regime as part of this process of ...

PM: No, I don't think there's any question of reviewing our attitude towards the Hun Sen regime. We have, as I've said, Geoff, over the last couple of years, as we've played, as I think you'll appreciate, a fairly significant role in consideration of how best to resolve the, the tragedy of Cambodia. We've had communications, consultations, discussions with the regime, with Hun Sen directly, our representatives have met with him, our Ministers have met with him, Mr Costello has met with him and we'll continue to do that on the basis that the Hun Sen regime does not represent, as it stands, what will be the final outcome of these processes. What we want to see is the establishment of a process in which there can be free and fair and internationally supervised elections which will determine what will be the ultimate government

of that country. But until that occurs we'll have whatever intercourse with that government is necessary, both in the context of discussing these people, the boat people and also in terms of discussing the, the question of trying to get a resolution of the Cambodian problem.

JOURNALIST: Just back on the Chinese -

PM: Beg your pardon?

JOURNALIST: Just back on the Chinese students -

PM: Yes.

JOURNALIST: Have you got any thoughts as to how long they should be allowed to stay in Australia, whether -

PM: Well, I have, I have indeed got ideas about that and I've discussed it with Mr Hand, but those details will be contained in the submission which Mr Hand is bringing to the Cabinet. But I've got a very clear idea and so has he as to the sort of period that we would, we would determine, that they should stay. I mean, without, I won't go to that period. I know exactly what it is and what Mr Hand will be recommending following the discussions that I've had with him, but conceptually I can go to it in this sense. You are going to have to have some period of time which you believe will make you feel that at the end of that time, one should be able to make a judgement about the situation in China. What's the sort of situation to which these people would be likely to be returning and that, by definition, is not something which is just six months away but you are not going to make it ten years.

JOURNALIST: Li Peng -

PM: Li Peng, yes?

JOURNALIST: Li Peng late last week -

PM: Yes.

JOURNALIST: - was saying some very conciliatory things about the students and saying they would be welcomed back. How seriously do you take that?

PM: Well, I have observed the comments that have been made by Li Peng. We are, of course, as you would be aware, in possession of a whole range of information about practices and attitudes in China and all those things have to be taken into account. I mean, just one statement by the Premier doesn't constitute the totality of the considerations which would determine our position.

JOURNALIST: Prime Minister, as you move towards deciding how long the students can stay, where there's a question of family reunion ...

PM: Well, that's one of the considerations which the Minister will be addressing in his submission and I, I don't want to go any further into that detail. It's obviously a relevant question which will be part of the submission.

JOURNALIST: When do you expect Cabinet to discuss these things?

PM: Relatively near future. I had my discussion with the Minister now over a week ago and he's gone off to prepare his submission and so it will be - relatively near future.

JOURNALIST: Mr Hawke, can we take it from your remarks that you are ruling out permanent residency being given?

PM: Am I ruling out?

JOURNALIST: We can take it from your earlier comments that you are ruling out permanent residency being granted to the students?

PM: The concept will be, Michelle, as I say, I've used the phrase quite deliberately, separate category for these people which will take account of the facts of what's happened in China and one will have to determine what one thinks is an appropriate period which they can stay and with the assumption, in regard to those people, that, that they will want to stay and would be entitled to, but you are going to have to have a period of time in which it's appropriate for them and for us to make a judgement. I mean, what you've got to understand in this is that we shouldn't be assuming that of all these 20,000, they'll all want to stay. I mean, one would assume that for very, very many of them, if China were to return to some sort of normalcy, whatever word you want to use, that they would want to return to China. So the, the intelligent thing to do is to say in regard to these people, well alright we understand your position, we've got to set a period of time which you can stay and by the end of which time it is reasonable to expect that you and we will be able to make a judgement.

JOURNALIST: Prime Minister, can I get absolutely crystal clear this question of the boat people. Has Australia sent any boat people back to where they came from?

PM: Not of the, as I understand it, there have been three boat loads and there have been, there has been no return of those people, as I understand it. Now what we are saying is that, making it quite clear, that if the DORS Committee in respect of these people makes a decision that they don't satisfy the criteria, then it will be our wish that they go back to the point from which they came.

JOURNALIST: (inaudible)

PM: I mean, I simply haven't kept up ... there may have been some. I don't think any have gone back at this stage.

JOURNALIST: Mr Hawke, to what extent is a resolution in Cambodia necessary in resolving the problem as far as Vietnamese and Cambodian boat people and has that been a factor in Senator Evans' taking the issue up as strongly as he has?

PM: No, no, no. Our concern with the situation in Cambodia goes back to our first day of Government. It was unrelated to any question of boat people from Cambodia to here ... we'd had this continuing tragedy in Cambodia and one of the first things I did as Prime Minister was to call my then Foreign Minister in, Bill Hayden, and to say we should take some role in Indo China in trying to do what we can, given the nature of the relationships that we enjoy with China, with the United States and with the ASEAN countries, that I took the view from day one that we had, because of those range of relationships, the capacity to play some role without overstating it and we did from day one. It was quite independent of any question of boat people because there has been ... continuing tragedy in Indo China generally - Vietnam and Cambodia in particular. And so Australia has been very much at the forefront both in bilateral discussions, regional discussions, global discussions and within the United Nations in trying to play a constructive role to get a resolution of this matter. It's been quite independent of any consideration of boat people.

JOURNALIST: ... Mr Keating said last night in London that beyond 25 percent represented a controlling interest, will Cabinet be considering lifting the foreign ownership limits on newspapers from 15 percent up to around about the 25 percent limit or perhaps in line, 20 percent limit on TV?

PM: Well, I haven't, I haven't directed any attention to such a proposition, but if the, the Minister directly concerned in the Communications area or Mr Keating want to raise that matter, well, it's appropriate to be raised but there's nothing on the table at the moment.

JOURNALIST: What of Rupert Murdoch, isn't there a contradiction ...

PM: Well, he, he was in a situation where he started off as an Aussie and then changed his position.

JOURNALIST: Prime Minister, what's going to happen to the students ... you've got two categories of Chinese students, one automatically will get some sort of period which you'll determine, but those who came afterwards, on

what basis will the DORS Committee consider them? On the basis of some sort of temporary refuge in Australia ...

PM: No, the, the assumption in regard to those people is, as I've said on, I don't know how many occasions now, this will be at least the fourth, fifth. The assumption in regard to those who've come post June the 20th is that they will return to China. That's the assumption. Now I've said and it is getting rather boring ... to understand simple things is a bit surprising. Those people, nevertheless, have the right to apply to the DORS Committee process. If they choose to do that, then they'll be considered.

JOURNALIST: ... will they be allowed to stay for that period ...

PM: No, no, no. Look it - I hope I'm not sounding, you know, beyond patience, but it is basically an extraordinarily simple proposition which I'll repeat for you. For those who came before the 20th, the Cabinet will be making a decision that there will be a period of time that they will stay. Right? That's not complicated. There will be no such provision for those after that period and if they apply under the DORS process, then while they are being considered under the DORS process, they stay. I mean, you don't have them being considered by the DORS Committee and kick them out while they are being considered. They will have, if they choose to make the application, they will have the rights of remaining here while they are so considered. But with no, no period of time for them, saying for that period you are here without question.

JOURNALIST: But on a completely different basis ... had they been there two days or three days before?

PM: But ... you've got to make the assumption, and this is the whole essence of distinction, you've got to make the assumption that those who came here after the events of Tienanmen Square came here with certain knowledge. You've got to make a different assumption about them, than you do about those who were here before. I mean, no-one's questioned that, either here or anywhere else.

JOURNALIST: So they must prove they're refugees, these later ones -

PM: The ones who are here after the 20th have no assumption in their favour. The assumption in regard to them is that they will return.

JOURNALIST: Prime Minister they also have a right though I understand to apply, if they don't apply as refugees, to apply for grant of residence on humanitarian grounds. Now currently under your new migration regulations, there ... loophole in them, no applications are being processed on humanitarian grounds, because of the regulations. Can

you say what the Government is going to do about that, and whether you believe that is partly responsible for the huge backlog in immigration at the moment?

PM: I don't believe it's responsible for the huge backlog, but all I can say is that any rights that people have under the existing law will remain. We've not -

JOURNALIST: But under the new regulations nobody qualifies for grant of residence on humanitarian grounds.

PM: Well if the new regulations have that impact then that's what the case is. I am not engaged, and the Cabinet will not be engaged, in changing anything other than in terms that I have indicated. That is to indicate in regard to Chinese who have come before Tienanmen Square. I'm not going to go over it again. We'll be doing that. We won't be making any other changes.

JOURNALIST: Well Mr Hawke. Two questions. Why are the Cambodians in the Northern Territory being held virtually incommunicado and will they be given the sort of help that they will need to make an application to the DORS Committee? Social work help, translators - you can imagine someone coming out of Cambodia might not have in his head a full knowledge of the Australian refugee procedures.

PM: They will get the normal assistance that is available to anyone who takes - who seeks to take - advantage of the DORS procedures.

JOURNALIST: Mr Hawke, will they get social service, in terms of interpreters and why are they being held incommunicado at the moment?

PM: Well you use the phrase incommunicado. I mean these people have arrived here other than in accordance with the legal immigration procedures and they are therefore not here legally. They are accommodated, dealt with according to the normal procedures, which make available to them the opportunity of putting their case to DORS. Now obviously there are certain facilities made available to them in terms of interpreters, language and so on and an indication of what their rights are. That has been going on for many years and the same facilities are being applied to these people. And will be applied. We are not seeking to change the law in regard to those people. What I'm seeking to do is to make clear to people who are in that country, now in Cambodia and who may be contemplating coming here, that they need not think that here is a country which is going to abandon its sovereign right to determine the level of its immigration intake.

JOURNALIST: (inaudible)... Mr Willis any, or given him any indication that he could have an overseas posting with the Government and has he given any indication that

he might accept it? Or do you expect him to stay the full term?

PM: I don't go to any question of - don't read too much into this - but I don't go to - publicly - to discussions I have with any of my Ministers about their futures. Whether in regard to the tenure of the portfolio they have got, possible changes to another, or possible departure from Government. If I have such discussions with my Ministers they are, as far as I'm concerned, entirely personal and confidential.

JOURNALIST: Do you expect to reshuffle, to have to reshuffle your Cabinet in the next eighteen months?

PM: No. We've just won an election. We've just had a very significant reshuffle. I haven't directed my mind to the question of reshuffle. I think we have a superbly equipped Ministry as a matter of fact, who are doing their job really well. My mind is not on reshuffling at all.

JOURNALIST: Mr Hawke, was Senator Richardson wrong when he apparently tells anybody who will listen that Ralph Willis will be gone by the end of the year and he will be offered the Finance portfolio?

PM: No, I don't know. I mean if you assert Geoff - and I know that you are assiduous in trying to follow up these things. Sometimes factually and sometimes with a fervent imagination. But if he's saying that, I accept your word for it. I'm not saying it.

JOURNALIST: Mr Hawke, Senator Richardson said yesterday that the Party should look at falling membership and also said that some Ministers weren't spending enough time talking to the grass roots. Are you aware of this problem and what steps do you think should be taken to overcome this.

PM: I don't think it's a great problem. I think Graham is absolutely right in sounding out the warning that all of us, myself included, should as far as it's consistent with the discharge of our Ministerial duties, spend as much time as we can, with the grass roots. I think that's a very sensible suggestion to be making. But how far it's a problem I haven't come to any conclusion about that. But I think it's a very sensible thing to be telling all Ministers, spend as much time as you can with the rank and file.

JOURNALIST: (inaudible) ... with the grass roots. Will you be at the Victorian Conference next weekend?

PM: No, I wouldn't think so.

JOURNALIST: Why is that?

PM: Because I don't usually go.

JOURNALIST: It's a pretty important Conference and you've just been to the New South Wales one.

PM: I have just been to the New South Wales one. Yes. But I've been Prime Minister now for seven odd years. I think - I'm not sure Michelle - how many times I've been to the Victorian Conference in that period, but I don't think it's more than a couple at the most. I can remember going once.

JOURNALIST: Why don't you then?

PM: Well, why don't I go to a whole lot of other ones? I mean I've got plenty of things to do and -

JOURNALIST: It is your home State.

PM: It is my home State. But even before I was in this exalted position, I wasn't a regular attender at the Conference in Victoria. If they feel they would like me to be there and I felt that I want to go, well then that would be arranged. I haven't felt any compulsion to be there next weekend. None at all.

JOURNALIST: Mr Hawke the Privacy Commissioner has revealed that an enormous amount of information, held by your Departments, on people who make FOI requests, people who, public servants and people ... write to you. That includes tax file numbers, debts, political police.... Why is that a new concern? Should the Government look at that?

PM: I read the report, particularly a headline report in the Sydney Morning Herald. I'll get a report on that just to find out whether in fact there is anything to be concerned about. I didn't listen to it, but I'm informed that the Privacy Commissioner, this morning seemed to play down very considerably, the import of what was in the paper. But I don't take these things lightly. I mean I understand, as I think anyone should, that it is inevitable that in our society that the range of departments that we have, Social Security, Taxation and so on, there are going to be millions of reports and files and the right approach for Government is to ensure that there is the balance, the proper balance between having the information that is necessary to provide the services of Government on the one hand, but on the other to ensure the appropriate levels of privacy, so that people's personal affairs are not made available to people or to an extent, that is not necessary to ensure the discharge of that obligation of Government of providing a service. Now we shouldn't be surprised that there are millions of files. That's inevitable. But I'll ask for a report to reassure myself that there is no breach of the requirements of privacy. If I get any indication from that report that there is cause for concern, then I'll initiate action.

JOURNALIST: Mr Hawke, on the economy, will it be your objective in the coming Budget discussions, to ensure that the Government spending is restrained to the extent that there is no increase - real increase - in outlays in 1990-91?

PM: We've had four years, as you know, in a row Geoff of real reductions in outlays. We'll make the decisions which we think are appropriate for the Budget of 1990-91. We will be engaged, without any question in this period as I've said just in the last few days, in looking for areas of reductions in expenditure. Just what the balance will be I'm not quite sure. But there certainly will be reductions. That will be done because it's necessary from our own point of view. And it's also necessary if we are going to be asking the States to play their part. Now just what those figures will be is a matter that will come out of the processes of ERC which unfortunately start next week.

JOURNALIST: Was Mr Clark out of line when he says \$1.5 billion the cuts?

PM: Is Mr Clark out of line? When has he ever been line with the Government?

JOURNALIST: Mr Hawke has ERC determined any broad target for these spending cuts as yet?

PM: There have been some considerations, some of - I think target might be overstating it - but there are some ball park figures that have been thrown around.

JOURNALIST: Is \$1.6 billion in the ball park?

PM: Good try. Good try.

JOURNALIST: Do you expect to cut, squeeze the States in real terms at the Premiers' Conference?

PM: Another good try boy. Good try. We'll be expecting the States to play a part in restraint. Now just what that figure will be is precisely what we've got to direct our attention to in the weeks ahead. But it's quite clear that the States haven't exercised in the last few years the same level of restraint as there has been at the level of the Commonwealth and they are going to be required to exercise restraint in this period ahead of us.

JOURNALIST: Are you at all sympathetic to the arguments of the States that if you want them to speed up the process of micro reform, or in some cases, launch that process, then you oughtn't to be as tough with them financially?

PM: Yes, but that is a rather simplistic way of putting it. If I were a Premier of a State with a Premiers' Conference coming up on the 28th of this month, where I'd heard the Federal Government talking about the need for restraint, and I'd also heard that same Government talking about the need for co-operation from the States to pursue micro economic reform, I guess that I would try and meld those two things and come along and say now don't be too tough on me if you want me to play my part in micro economic reform. I suppose that's human nature. But the facts are that the Premiers have got to understand that at this Conference on the 28th of this month, that we are going to have a macro economic task in front of us which is consistent with the sort of things that we've had to do over the last seven years. We've got to get the macro economic settings right. And we will do that and we won't really be terribly responsive to a proposition which if it was put as crudely as this, well don't hit us too hard, because if you do we won't co-operate in the micro economic area. Now, and I would trust that the Premiers wouldn't be so crass as to put the proposition in those terms. Now, that is a different proposition however from specific areas of micro economic reform, where it may be abeled to be argued that if you're going to give effect to a particular reform, that some sort of assistance may be required. Now that's a quite different proposition and what is quite clear is that I will be raising at this Premiers' Conference the need for co-operation in the area of micro economic reform. I'll expect to get that co-operation and I think the Premiers will be entitled to expect that we will take a sensible and rational approach to that issue. We will. But if there's some attempt just to have this simple proposition, don't be too hard on us. If you are we won't be too co-operative. There won't be any mileage in that one for them.

JOURNALIST: Would it be reflected also in your own Budget in say a change of emphasis towards infrastructure funding away from other areas of the Budget, given the importance of infrastructure funding to some of the more critical areas of microeconomic reform - rail, road, the waterfront etc?

PM: Well we'll, as we have in the past, we'll make those decisions in regard to funding which we believe ... Take the area of roads. Let's just look at that. In a period of very very considerable financial restraint on the part of the Commonwealth where there've been these, as I say, four successive years of real reductions in outlays, we've nevertheless in the area of roads in our general decisions and then in the last 12 months in two separate specific decisions made more funding available for roads. So we will make the decisions in regard to infrastructure funding which are necessary to give effect to the sorts of decisions that we think are necessary to get the competitive structure of this economy into place.

JOURNALIST: Will that be at the cost of the transfer system etc?

PM: When you say at the cost of, I mean, in the end when a government has drawn up its Budget and there is this amount of money available for the transfer system, there is this amount of money available for roads, there is this amount of money available for defence, then by definition there has been a series of judgements which have said well we think the priority we have there requires that amount of money. Now you have not got unlimited resources so it means that you have been able to do less elsewhere in terms of matching that priority. I mean that's the nature of government, that's the toughness of government in one way. I mean you've got a position where so many of the areas of government, of outlays and expenditures, can put a good case for more, just looked at alone. Very easy. I mean this is really what we go through in the Expenditure Review Committee year after year. Every Minister's able to basically put a very very good case for more. He can say look if you give me more, he will be this positive response and that outcome and benefit. But in the end it's the aggregates and the inter-relationship of the aggregates which determine the health of the economy. So your Minister can say look I'll have a very healthy little situation here if you give me another hundred million, but if you give that one a hundred million, and this one a hundred million and this one half a billion and so on, while he might think he's getting a healthy outcome in respect of the proposal that he puts to you - and he probably would be, looked at alone - if you don't look at the aggregate outcome you won't have a healthy economy as a whole.

JOURNALIST: Mr Hawke, at the Premiers' Conference on the 28th, how much work will you actually be able to do on microeconomic reform? You've just mentioned specifics of particular areas -

PM: I think what I want to be doing at the Premiers' Conference on this issue is to really say these things. We must realise that the sort of microeconomic reform that we need in this country is not going to come simply from decisions by the Commonwealth Government alone. By definition there is so much of it which is in your domain, obviously while - electricity, power and generation and so on, without being exhaustive about it. Now therefore I'll be saying what I want is a situation of your commitment to joining with us in trying to bring about the most effective sort of reform in these areas that we possibly can. And to establish really, not then at that meeting on the 28th a series of decisions about each of these areas, but rather to set up firstly their agreement of the importance of cooperation and secondly a process to follow from the Premiers' Committee for giving effect to that commitment. I believe that we will get a commitment from the Premiers of the need for such cooperation. So then, if they give that commitment and

that agreement, then to establish a process of cooperation. Now just what will be involved in that it's too early to say. Conceivably, and I say conceivably, it could mean another special Premiers' Conference, conceivably, as part of that process. Or it could mean a series of meetings with particular Ministers in particular areas. But that's what I see the 28th as being about. Acceptance of the commitment, the cooperation in the area of microeconomic reform and agreement to a process. Because as I said the other night, what we've got to realise in this country, and it's terribly important that I think this, it's in our minds as a community. You're going to have by 1992, which is only a couple of years away, in Europe 12 states who will have made a series of decisions about their relationships which will mean that there will be less obstacles, impediments to the free movement of goods and services in Europe than there will be in Australia between the States of Australia. Now that's not a burden that we can intelligently continue to carry on into the future. Now we don't have in this country a disposition to change these things by transference in a constitutional sense of powers between the States and the Commonwealth. So what we've intelligently got to do is to sit down and say well how are we going to cooperate to make sure that we really do have one economic, national economic unit when it comes to these issues? I believe that the Premiers will be responsive to that.

JOURNALIST: Rather than say lumping the States together and saying they haven't played their part, isn't it really fairer to acknowledge that in fact some States such as NSW have made significant steps along the path ... microeconomic reform ...

PM: Well it is the case, certainly Milton, that the records of the States both in terms of general economic policy and microeconomic reform in particular are not uniform. I accept that and that will be acknowledged in the discussions we have. I mean obviously it's not appropriate for me to try and award marks out of ten to all the States here now. It's neither appropriate nor in the self-interest of the Government an appropriate thing to do. But it will be reflected in the discussions.

JOURNALIST: Two Labor States in fact, WA and Victoria, have lost a lot of money, of their taxpayers money over recent years. Will that be a consideration that you will take into account at the Premiers' Conference?

PM: I think it's maybe a consideration that they would like us to take into account but I don't think they'll get terribly far with that proposition.

JOURNALIST: Just clarifying something ... establishing some sort of consensus if you like on the national goals of this Premiers' Conference. Do you see any possibility

that specific purpose grants could be used or directed at this round of State funding to ... microeconomic issues?

PM: No such decisions ... see being made at this conference. We will be responsive to anything that the States want to say to us in this area of microeconomic reform. But I wouldn't see any decisions being made at this conference within that framework or on those criteria. But we really, as I say, have just got to get very firmly onto the agenda at this Premiers' Conference these issues and be prepared on the part of the Commonwealth and of the States to have everything into the ring on this. What are the things that have got to be done by the Commonwealth and the States to ensure that we create the best microeconomic framework in this country to ensure an efficient and internationally competitive economy? That's the responsibility that we've got irrespective of our politics, whether it's Liberal Premiers like Nick Greiner or overwhelmingly Labor Premiers as they are and ourselves. We've got to put political differences aside, regional differences aside and say how together do we act to make this national Australian economy as internationally competitive and efficient as we possibly can?

JOURNALIST: Mr Hawke, you just commenced three inquiries by the Industry Commission in the areas applying to the States' rail, electricity and marketing authorities. Aren't you shortcircuiting that ...?

PM: Of course we're not. The first thing to note is that those three inquiries that you refer to have been set up after consultation with and agreement from the States. This is not something that we've imposed upon the States. It represents the outcome of discussions and agreements with them. Governments, Federal and State, don't just then say we'll put everything on hold and we'll wait until we get those reports, either the interim or a final report. I mean you've obviously got to address these and other issues yourself. I mean you take the area of trying to get an integrated rail freight system in this country. There obviously is much that can be done in discussion between us and the States on that issue without simply waiting for the report from the Industry Commission.

JOURNALIST: Mr Hawke you mentioned some of the carrots you've offered the States in terms of speeding up the process of micro reform. What about the stick? How prepared is the Commonwealth to use its powers of funding and borrowing to push the States into micro reform?

PM: Well I hope we'll get this matter resolved in a way which involves a maximum degree of cooperation. I mean you know that's the way I prefer to do things. Not simply because of my nature but also because in the end processes which reflect agreement and cooperation will stick better than anything else. Now how in that process

you get, as you put it, the appropriate combination of carrots and sticks is too early to say. But really what I want to do is to get a position from the end of this month of commitment to process. How in working out that process, what we'll need to do and what they'll need to do, that's exactly the guts of what the discussions into the processes are going to have to be about.

JOURNALIST: ... Administrative Services Minister, Stewart West, has suggested that ... NSW and Victoria should be compensated for the infrastructure costs of immigration. He was critical of the Government for not having considered it before. a) Was he right that you should have considered it before, and b) are you going to start doing it now?

PM: I've got really no comment to make on what Stewart said. Stewart was a member of the Government when all those things were being done.

JOURNALIST: (inaudible)

PM: That doesn't follow. Nor the fact that I say it doesn't follow means that something will be done. But your proposition because of what I've just said means that nothing will be done or something like that, that doesn't follow.

JOURNALIST: Mr Hawke, a week or so ago Senator Ray said on behalf of the Foreign Minister that the Government would be considering the implications of the attempted PLO raid on the Israeli ... and also Arafat's attitude on this. Have you had an opportunity to do anything about this or does the Government continue, attempt to continue directly ...

PM: I understand that the Foreign Minister is having a review of the situation. I'm given to understand that he's doing that. No doubt at some stage he will report to me on that.

JOURNALIST: Prime Minister, do you believe that had you waited until the Cabinet decision had been made that there would have been less confusion and concern in the community over the Chinese and Cambodian issue?

PM: Not at all. I mean the confusion in the community that you talk about, which, may I say as gently as I can flows very considerably from the incapacity of some of your colleagues to understand simple propositions, is not something which necessarily would've been any different after the Cabinet decision. I mean the things that I've said are very simple, straightforward and may I say unchanged from the day I first spoke on it. I read with a certain amount of amusement I must say about Hawke changing his position, Hawke backing down. Absolute bloody balderdash. Hawke hasn't changed his position one fraction. For the simple reason that what the Prime

Minister said in the first place was sensible, reflected the requirements of this country and will be given effect to by the Government.

JOURNALIST: Australian and Qantas need about \$800 million. Some of your Caucus backbenchers are saying that one possibility would be for superannuation funds to be encouraged or perhaps an investment vehicle to provide that sort of money. Are you attracted to that idea at all?

PM: I'm attracted to this matter being discussed within the Party. I'm very interested to see that they are addressing their minds to a range of possibilities. The Government will have to make decisions about the funding of our airlines and any thoughts that anyone has on this matter within the Government process is welcome.

JOURNALIST: Will that be in the Budget?

PM: I'm not quite sure whether it will be in the Budget. We'll obviously have to address this issue in the not too distant future.

JOURNALIST: Just given the effort that we are putting into making sure that a peaceful settlement eventuates in Cambodia and given how crucial China's position is on this, have you had any information conveyed to you that the recent decision on Chinese students might have upset or set back that process.

PM: No. I don't believe that the position that China will adopt, both for itself and in terms of any influence it may have on the Khmer Rouge, is going to be impacted upon in any way by this decision. I mean, after all, other countries have made similar sorts of decisions - the United States, Canada and so on. I think they'll understand. They may like it ... indicated they don't particularly like the decision we've made but -

JOURNALIST: (inaudible)

PM: Well you've seen in the press the indication from spokespersons for the Chinese government that they haven't approved of the decision. That's all I'm going on. I haven't had any letter from Li Peng. But in the broad sweep of these sorts of issues the Chinese government will make a decision which it thinks is in its best interests in regard to how the situation in Cambodia should be resolved. I can only express the hope that it will be a decision both, as I say, in regard to their own direct involvement but more importantly in regard to the influence they have on the Khmer Rouge. That it will be a decision which is supportive of what now I see as a gathering momentum for a process of resolution. We've moved a long way since the first discussions took place. I think it was in December of '87 in Paris. That was when we had sort of the first coming together of the

groups. And we're now really getting down in the discussions which are taking place within the P5, that's the Permanent Five, of the Security Council, and discussions which have been taking place under the Paris Conference procedures and in the initiatives from Thailand and most recently reflected in the Tokyo meeting. Now really getting down to quite concrete and detailed issues, what for instance is the role of the State National Council, the issue of how you can vest some appropriate sovereignty in the State National Council which would enable then the concept of agreement to a United Nations, some sort of United Nations process in the interim leading up to the election and the oversight of the election. You're getting down to detailed questions of how do you relate proposals about a cease fire which now have been considered, but relating that as they must be to an overall permanent settlement. Now these are quite specific questions in which there have been considerable advances made so we are, I think, now in a position where we've got more reason to be confident than three years ago, although still recognising that there are very very hard decisions that have to be made. I'm hopeful that on all the evidence available to me that the various parties will be able to reach a point of agreement so that all their legitimate interests can be taken into account. There is no doubt that in that the position of China is very important. No doubt about that at all. But I would not expect that the decisions that they will make on this will be affected by the sorts of things we've been talking about here.

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