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**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
PRESS CONFERENCE
PARLIAMENT HOUSE, CANBERRA**

E&OE.....

PRIME MINISTER:

Good to see you again.

Well, ladies and gentlemen, over the past couple of days Cabinet has held a lengthy meeting and during that meeting the Government reviewed the first eighteen months of its time in Government. It has seen that eighteen-month period very much as involving the process of repairing the foundations.

We have implemented our major election commitments. We have been remarkably successful in the process of deficit reduction and fiscal consolidation and indeed the thumping report card, in a sense, is what I see the speech made by the Reserve Bank Governor in Perth last night, is a testament to the success the Government has had in repairing the fundamentals of economy.

I can't remember in the twenty three years that I have been in Parliament, a Reserve Bank Governor effectively saying that at the very least, in the short term, the speed limits are off economic growth in Australia.

In the past, Reserve Bank Governors have been in the business of saying: you can't take the speed limits off because you will have a currency crisis, you will have a balance of payments crisis, or you will have a problem with inflation, or a problem with wages and I think it's quite a tribute to the success we've had in repairing those fundamentals.

But, looking ahead, we see the next eighteen months of our time in Government in the first term as being very much bound up with realising our potential as a nation for the 21st Century and building on the foundation repair of the first eighteen months. And included in that of course, we believe, very much is the need for fundamental reform to Australia's taxation system.

The most important decision that the Government has taken over the past two days is to really get utterly serious about the process of taxation reform:

- to accelerate that process with a view to presenting before the Australian people a clear plan for taxation modernisation;
- to give to the Australian people the opportunity of a fairer, better, more modern taxation system;
- to recognise the reality that the present taxation system is lopsided and badly flawed so far as the Commonwealth / State distribution is concerned;
- it produces ridiculously high personal tax rates at the margin;
- it has an inefficient indirect taxation system and it is badly in need of repair.

I have personally been a strong advocate of taxation reform for a very long period of time. I think it was a great national shame that the plan that was put before the Australian people in 1993, not that everything in that was perfect, far from it, but the commitment to fundamental tax reform was certainly a laudable goal and it was a great pity that a very negative and destructive campaign destroyed it, but that's history.

We're now in 1997 and what we decided yesterday was to instruct a task force inside the Government to prepare a framework of options for reform. We've given broad guidance to that reform process and that broad guidance is really grouped around five principles. The first is:

- there should be no increase in the overall tax burden;
- any new taxation system should involve major reductions in personal income tax with special regard to the taxation treatment of families;
- consideration should be given, of course, to a broad based indirect tax to replace some or all of the existing indirect taxes;
- there should be appropriate compensation for those deserving of special consideration;
- and reform of Commonwealth / State financial relations must be addressed.

There will, over the coming months, be a heightened process of consultation with interest groups. I will be formally in touch with the State Premiers, shortly, to convene a meeting between myself, the Federal Treasurer and the State Premiers, to discuss the Commonwealth/State aspect of taxation reform. I have personally spoken to all of the Premiers this morning informing them of the Government's position.

I believe that the community wants a better and fairer taxation system. It is a very important ingredient in modernising the Australian economy for the 21st Century.

Fundamental to our desire for taxation reform is a belief that any proper reform package has got to include significant reductions in personal income tax. There must obviously be a thorough examination of the introduction of a broad-based indirect tax to replace some or all of the existing indirect taxes and naturally as I have mentioned the issue of Commonwealth/State financial relations must be comprehensively addressed.

We won't be breaching our commitment about no GST or no new taxes during our first term in Government. I want to make it very clear to you that I have a strong personal commitment to taxation reform, that I have a very clear view of the directions that I would like to go in reforming the Australian taxation system.

We had a very extensive discussion about this issue during our Cabinet meeting in there and there is very strong support within the Government and also on the soundings that I've been able to take this morning, within the Government Party Room, there is very strong support for a rapid acceleration of the process of taxation reform.

It may have been temporarily derailed in 1993 but anybody who has the national economic interest at heart knows that we can not go into the 21st Century with our existing taxation system.

We need a taxation system that gives incentives to ordinary Australians to save, to invest, to take risks. We need a taxation system that promotes job generation. We need a taxation system that helps, rather than hinders, exports and we need a taxation system that provides a more beckoning and a more encouraging investment climate.

I believe that the great majority of Australians understand that. I don't underestimate the difficulty, nor indeed do I underestimate the ease with which those who are the negative view on the issue may try and generate a fear campaign.

I would say to the Australian Labor Party, you once believed, and your two leaders supported that belief, in fundamental reform of the Australian taxation system. You abandoned that for partisan political purposes. I would have hoped that there might be some element of bipartisanship in relation to taxation reform but if it is the intention of the Leader of the Opposition to oppose, which today he has indicated, then he will be chaining himself to an outdated taxation system. He will be increasingly be seen as yesterday's man chained to yesterday's taxation system.

I think that it is important that we meet this challenge, that we intend to do it and there's a very strong resolve inside the Government to move forward in that direction.

JOURNALIST:

Mr Howard, do you have any unprincipled view of how tax power should be split between the Commonwealth and the States?

PRIME MINISTER:

Oh look, I do have a number of views on that, I would like to share them with the Premiers first. The issue must be addressed, there is obviously going to be a range of views as to how you might do it, but obviously what everybody is...the phrase that is on everybody's lips, is the one that quite understandably the Premiers are concerned about and I understand that.

JOURNALIST:

When will you be meeting with them to discuss...?

PRIME MINISTER:

Oh look soon, I'm not...I don't know when.

JOURNALIST:

What is the phrase on everybody's lips?

PRIME MINISTER:

The phrase on overbids lips is vertical fiscal imbalance.

JOURNALIST:

Prime Minister, when will the report of the Taskforce be released? Will that be viewed as a kind of agreeing paper?

PRIME MINISTER:

Well, initially it is a report to us as a Government. What we do with it we'll decide when we see it, obviously though the community is going to be involved in the process. Look, obviously to be done properly it will take a little time but equally the Treasury is not starting from scratch on this issue.

JOURNALIST:

Will you spell out your tax reform package before the next election?

PRIME MINISTER:

The Australian public will have a very clear idea of where we intend to go.

JOURNALIST:

This Taskforce, is it Parliamentary...?

PRIME MINISTER:

No, this is just one headed by Treasury with representatives of the Tax Office, my Department, the Treasurer's office and the Cabinet Policy Unit.

JOURNALIST:

So what's a rough timetable...?

PRIME MINISTER:

Well as soon as we can get it, Michelle, I can't specify...I can't specify a week. I would expect to have it...I hope to have it within a few months but I am not going to put a time on it.

JOURNALIST:

Prime Minister you said the Australian public will have a very clear idea of where...[inaudible] before the next election. Does that actually extend to you spelling out exactly...?

PRIME MINISTER:

I think at this stage it means what I say. I mean, I'm not going to, at this stage, predict the precise end point of detail of a taxation policy. But when I say I'll have a clear idea and a sharp choice, I mean that.

JOURNALIST:

Are there any limits on the sorts of things that this Taskforce will look at? For example, diesel rebates and...?

PRIME MINISTER:

Well, what has happened is that I've outlined the broad sort of guidance. But as well as that we're giving them, internally, a nudge in a number of directions.

JOURNALIST:

But the National Party's obviously put a lot of pressure on.

PRIME MINISTER:

Well, there won't be any sort of...there's no separate brief going to the committee from the National Party or from the Liberal Party. It's coming from the Government. All of those things will clearly be examined.

I'm not going to today sort of say, well, look, we might do diesel, we might do this, we might do that - that's pointless. We're going to look at all of those things. I think all of you know that there are a number of obvious options. There are some options you haven't thought of. There would probably be some options that I haven't thought of. I don't come to this cold either. I've got a pretty well-developed view of where I would like to end up. But there is a process involved. I want to involve the State Premiers. I want to involve the interest groups. I certainly intend to involve the Government Party Room by establishing a taskforce of government members to be heavily involved in the consultation process with interest groups and different sections of the community.

JOURNALIST:

There was a suggestion last week, Mr Howard, of legislation possibly before the election.

PRIME MINISTER:

Well, we haven't taken any decision on that. Look, I...

JOURNALIST:

Is that an option?

PRIME MINISTER:

Well, I'm not going to rule things like that in our out. Can I just say again that in whatever form it takes, the public will know where we stand and what to expect if they re-elect us at the next election.

JOURNALIST:

[inaudible]...referendum.

PRIME MINISTER:

Well, I don't think it's the sort of thing that should be subject to a referendum.

JOURNALIST:

Mr Howard, earlier this year the Treasurer suggested that he didn't think there was a new or increased groundswell of community support, rather the same old chorus singing louder. What do you think is the...?

PRIME MINISTER:

I think it's a mixture. I think certainly the people that have sung loudly in the past are singing louder still. But I think there has been a mood change in the community. But I don't underestimate that there will be people who will try and run a negative campaign about it. Fundamental tax reform is never easy but if it's ever going to be tackled it's got to be tackled from the vantage point of government.

We've had a High Court decision which has underlined the fragility and the terminal character of the current division of Commonwealth/State financial relations and in those circumstances the national interest does require us to address the issue. And we can do it in a way that's consistent with the commitments we made about new taxes during our first term.

JOURNALIST:

Do you have any concerns that there will be enough money in the pot for those substantial cuts in personal incomes which Hugh Mackay seems to think are critical for public acceptance as some sort of consumption?

PRIME MINISTER:

I'm confident that we can produce a package that will ignite incentive amongst Australians.

JOURNALIST:

Mr Howard, from memory, when you were Treasurer you supported the States imposing their own income taxes. Do you support that view in terms of...?

PRIME MINISTER:

Oh look, I'm not going to...that was...that's almost 20 years ago. I remember it precisely in fact. But I'm not going to, sort of, muddy the waters of open-hearted, open-minded consultation between the Commonwealth and the States at this stage by speculating about what form it's going to take. I've personally spoken to each of the Premiers this morning. They indicated to me in our discussions that they were supportive of what I'm now announcing.

I'm not going to canvass options about different Commonwealth/State relations, different Commonwealth/State financial relations at this stage. I want to hear their views. I want to talk to them. And it's entirely premature of me to start ruling individual approaches in and out.

JOURNALIST:

Do you accept though, as the States view that on vertical fiscal imbalance there is a need for the States to receive a...?

PRIME MINISTER:

Well, I accepted the system has got to be addressed and changed.

JOURNALIST:

[inaudible]

PRIME MINISTER:

Well, I'm not going to get...I'm not going to go get into the detail of that because there are wondrous and variously different ways of doing it and it will, sort of, start hares running that I don't wish to go down the course at this stage.

JOURNALIST:

Did Mr Carr give you any indication of his views on the GST when you spoke with him this morning?

PRIME MINISTER:

Mr Carr and I had a spontaneous conversation. He said it was welcome news. That's what he said to me. And he also said that Mr Egan was going to make a very interesting announcement too about refunding the money. It's about time the drinkers of New South Wales got their dough back.

JOURNALIST:

But do you think that from the comments Mr Carr has made so far about a GST...[inaudible]...?

PRIME MINISTER:

Well, I think anybody's capable of being won over on a GST provided the GST is not seen as the core of tax reform. The core of tax reform in this country is to alter the balance so that individuals are paying less personal tax.

JOURNALIST:

So Mr Howard is a GST definitely one of those places that you want to end up to talk about?

PRIME MINISTER:

Well, I've indicated the broad guidance that's been given.

JOURNALIST:

You've used the word broad-based indirect tax...

PRIME MINISTER:

Well, the broad-based indirect tax is a generic description and I think it's appropriate to use a generic description. I'm not particularly wedded to a particular version of a broad-based indirect tax or a particular description of one. Obviously one of the things, and it's indicated in what I've said, one of the things that you have to look at if you reform the Australian taxation system is to whether you take away some or all of those existing indirect taxes, then you replace it with a broad-based indirect tax. Now, that's one of the things that will guide the work of this Taskforce.

JOURNALIST:

When you say that you will look at Commonwealth/State finances as part of this reform are you just saying that you want to look at the way it's financed or that you envisage that there's possible realignment...?

PRIME MINISTER:

Oh look, I got into it very open-mindedly. I mean, it's more than...I'm not going through a token exercise.

JOURNALIST:

But it's possible that you'd actually see a reordering of the...?

PRIME MINISTER:

Well, it is...it will be conducted on the basis that whatever options the States want to put on the table they can and we'll have a proper and open-minded discussion. But I'm not going to get into the business, Laura. I know you'd like me to but I'm not going to get into the business at this stage of, sort of, giving a nudge here or there in relation to the form in which reform of Commonwealth/State financial relations would take.

JOURNALIST:

But in general terms would you regard yourself as...[inaudible]

PRIME MINISTER:

Not even in general terms, no.

JOURNALIST:

Do you regard yourself as a centralist, Mr Howard?

PRIME MINISTER:

I'm a nationalist.

JOURNALIST:

Prime Minister is there...

PRIME MINISTER:

There's a big difference. A nationalist is somebody who believes that all decisions should be governed by the national interest. A centralist is somebody who asserts that the central government is always the personification of the national interest. And I think there is a very important difference. And I am a passionate nationalist. I always have been. But I am not a centralist.

JOURNALIST:

Prime Minister, is it going to look at the relationship between welfare and taxation?

PRIME MINISTER:

Well, they're obviously going to ensure that any reform gives special help to those in the community who need special help when taxation changes occur and therefore you have to look at welfare, yes.

JOURNALIST:

Does that mean that the Taskforce will look at the concept of negative income tax?

PRIME MINISTER:

The Taskforce is not limited in the various things that we'll look at. And as I said, in addition to the published guidance there are a few other criteria that are being provided. But the...I wouldn't...

JOURNALIST:

[inaudible]

PRIME MINISTER:

Well, because any government does that.

JOURNALIST:

Mr Howard, given that payroll tax is a State responsibility would discussion of the future of payroll tax...?

PRIME MINISTER:

Oh look, I would imagine that that is one of the...I mean, there's a whole range of options but I don't really want to...I mean, the problem with my saying yes or no to this - oh well, we are now certain that is in or out...look, you all know as well as many others that there are a certain number of options available. It depends on the rate of any introduced broad-based indirect tax. Clearly all of those things are going to be examined. But I don't want to indicate because we haven't taken decisions on them.

JOURNALIST:

Mr Howard, has Cabinet been effectively deciding the next election will be fought on tax reform?

PRIME MINISTER:

No, we haven't effectively decided that. What we've decided in relation to tax is that we'll offer the Australian people a better, modern, reformed tax system for the 21st Century. And it looks at this stage as though our opponents want to, sort of, bump along with the existing system.

JOURNALIST:

Doesn't that make that...[inaudible]

PRIME MINISTER:

Well, I think it will rate a mention in the campaign. I think it will rate a mention. But, I mean, the campaign can be fought on a number of things. Certainly the very successful general economic policies of the Government. The increased success, I believe, will then be evident through our industrial relations reforms. But obviously tax is going to rate significantly. But I'm not going to, at this stage - 14, 15, 18 months or whatever it is out from the next election - I'm not going to say precisely what the next election is going to be fought on. What I am saying is that the Coalition will have a plan to take Australia into the 21st Century with a modern, fairer, better tax system. Now, that's what we're going to have. And if Mr Beazley wants to muck around in the past, he can.

JOURNALIST:

What about the plan for industry, Prime Minister?

PRIME MINISTER:

Well, we had quite a discussion about that. I think industry policy has got a number of elements and many of those have been acknowledged by some of the reports that have been brought down. To have a decent industry policy you need low inflation, you need falling interest rates, you need reducing budget deficits, you need an improving trade account, you need industrial relations reform, you need other micro-economic reform, you need an aggressive programme of privatisation and you need a strong competition policy, you need decent infrastructure and you need a decent education system. I think everybody would agree who participated in this debate, agree on those things as underpinning any and comprising the main elements of any decent industry policy.

The area of debate is about the extent to which you provide special subsidies or incentives either directly out of the budget or through the taxation system to encourage industry generally to invest or to give a come-on to particular industries, perhaps in particular areas or perhaps throughout the whole country. Now, that's what the debate is about. That's what Mortimer, that's what potentially Goldsworthy is about. It's about what the MTIA Report was all about. We don't argue about all of these other things. The argument is about the extent to which there are special incentives, concessions and subsidies made available.

Now, what we've decided to do is get the Goldsworthy Report and also another report, the Cutler Report, on information technology strategies, and to get Goldsworthy and Mortimer and Cutler and the Economic Intelligence Unit one, although we didn't commission that but it's part of the mosaic, get all of those together and address this issue, that's really what it is nailed down to. And there are different proposals swirling around and there are different arguments about and we'll be addressing that aspect of it quite soon.

JOURNALIST:

[inaudible]...position changed on that argument over the last couple of years?

PRIME MINISTER:

Oh, I think I ought to give my colleagues the benefit of my view on that before anybody else..

JOURNALIST:

Mr Howard, going back to tax. It seemed to be a view last week in sections of the Government that it was a bit potentially dangerous to mix up general tax reform with Commonwealth/State tax reform even though they are obviously related because this much has jeopardised your general tax reform programme. What led you to think that it's better to confront...?

PRIME MINISTER:

Well I wasn't away of that view and I wasn't there last week.

JOURNALIST:

So what's your feeling about that, that you...?

PRIME MINISTER:

Well, the Government's position is as I've announced it and it's a very - how shall I put it - it's a unanimous view.

JOURNALIST:

Prime Minister, isn't there are a danger that if you're going to do nothing for the next 18 months but talk about tax reform...?

PRIME MINISTER:

Well, we won't just be talking about tax reform, we will be doing a lot more than that. We will be consulting people, we will be developing the detail of our proposal to put before the Australian people and we will go very quickly.

JOURNALIST:

If your message is valid, and I suspect it is, that we are in need of tax reform, isn't that reason enough for you to ditch your promise of the last election and get on with the job?

PRIME MINISTER:

No, it's not. It's not because promises of that fundamental kind should be kept.

JOURNALIST:

Mr Howard, you said in relation to industry policy that an important element was that we have a decent education system. Some of the reported comments from Senator Vanstone over recent days, it would appear that she, as the relevant Minister doesn't believe we have a decent education system, at least with respect of the public sector, public schools. What's your assessment of that and do you agree with it?

PRIME MINISTER:

My assessment is that we do have a very strong public education system. I'll come to what you said. I think we have a very strong public education sector. You can criticise aspects of it as you can criticise aspects of the private education sector. I mean, as somebody who himself has been a total product of the public education sector, I am very grateful for the education that I received in the Sydney selective high school system and I won't have the public education system run down. I don't believe she did that though. I believe that she was stating some statistics in relation to the job achievements of people who had gone to different schools and I think it has been unfairly categorised as an attack on government schools. I didn't read it that way. I think you have to say in relation to government schools that those sort of comparisons don't make proper allowance for some of the circumstances in which government schools have got to operate.

I mean, I am a very strong believer in competition in education and I welcome the fact that greater choice is now available to Australian parents as a result of the policy changes we have made in the area of the new schools policy but I want to make it very clear on behalf of the Federal government that we would always

regard a strong, well funded, strongly performing public education system as a very important part of the education mosaic in this country.

JOURNALIST:

Prime Minister, on another social issue, do you endorse the ACT proposed heroin trial that the Commonwealth will be assisting with some resources and funds?

PRIME MINISTER:

I have to say that I approach the whole question of heroin trials with enormous ambivalence. I remain unconvinced that there is a social benefit. It's hard to say that you shouldn't at least give a trial to something but you have to put me down as being a profound sceptic about the social advantage of legalising things that constitute a problem.

JOURNALIST:

Do you endorse the Commonwealth....

PRIME MINISTER:

Look, what has happened has happened with the authority of the Minister and the Government. I guess you asked me what my view was and I gave it to you. I mean, there's nothing inconsistent in allowing it to take place and the view that I've expressed.

JOURNALIST:

Mr Howard, Cabinet also..

PRIME MINISTER:

Ah yes. I wondered when. Yes we did.

JOURNALIST:

... cross media ownership, my favourite subject. Can you just explain just exactly where you got to and is Cabinet comfortable with the latest option that Senator Alston put forward?

PRIME MINISTER:

No. No, I won't explain to you where we got to.

JOURNALIST: Is there a time table on it now?

PRIME MINISTER:

The normal processes of the Government party room. We've had a discussion, a pretty good discussion, a pretty fruitful one and then there's going to be a chat between the Minister and the Committee and the Party. We're just going through the normal processes, we're going through the normal processes.

JOURNALIST:

Mr Howard...

PRIME MINISTER:

No, I didn't say that. I just say, we're going through the normal processes.

JOURNALIST:

Mr Howard, you've been critical of the outbreak of factionalism, you are opposed to factionalism per se. What do you think of the [inaudible] in New South Wales overnight?

PRIME MINISTER:

Well I saw the report in Mr Farr's newspaper. I don't know any more than that. I've been busy on other things this morning like ringing Premiers and getting ready for news conferences but I am quite a critic of

factionalism inside political parties, particularly the extent to which it emerges inside my own party. We won Government partly because we worked together and we displayed in Opposition, as we display in Government, the great reality of the broad church of the modern Liberal Party and it's very important that we preserve that but I don't, in making those observations, I don't to seek to sort of apportion particular criticism of or blame to particular sides.

JOURNALIST:

Was it unwise then for Nick Minchin to have turned up, do you think?

PRIME MINISTER:

Look, I don't know the background of the meeting and look, I know nothing more than, Malcom Farr's newspaper's piece, it wasn't...

JOURNALIST:

You must like the name of the faction, the mainstream faction.

PRIME MINISTER:

I think people were trying to be a little flattering.

JOURNALIST:

Prime Minister, having had one Cabinet meeting on unemployment, what's the next step in that process?

PRIME MINISTER:

Well there are always a number of options that are under consideration and that's an issue I have to say to you that Cabinet returns to on a very, very regular basis and we discussed it on Monday and I have no doubt we will be discussing it again next Monday and it's an ongoing process. I mean, we remain obviously concerned to do all we can to bring the rate of unemployment down. I am very encouraged by the remarks of the Reserve Bank Governor for their significance in relation to unemployment. You will be aware that I said some time ago that we needed to get the Australian economy running at over 4% to start getting unemployment coming down.

Now if you have somebody in the position of the Reserve Bank Governor saying, as far as he is concerned, the speed limits are off and you can run, at least in the short term, you can run the economy at up to 4.5%. That is very welcome. I mean, I go back to what I said earlier. I don't recall a Reserve Bank Governor in my time in Parliament having made such a comment. I mean, they are normally saying; you've got to keep applying the speed limits and keep the brakes on because it will spill over into, or perhaps somebody else talked about things spilling over, but it will spill over into imports, this or that will happen. Now I am quite encouraged by that.

JOURNALIST:

If the speed limit is off, Mr Howard, does that mean that you should be setting a growth target?

PRIME MINISTER:

Ah. Well I am in favour of the maximum amount of economic growth that Australia can achieve. The idea of sort of committing yourself to a particular target is never one that's attracted me but if you're drawing up a ledger of whether people are high or low growth, you put me on the high growth, top of the high growth column. The whole object of our economic policy since I became leader at the beginning of 1995 has been to make the changes that will enable the speed limits on economic growth to be removed. That's why we wanted fiscal consolidation to help the savings. That's why we wanted lower inflation, why we wanted micro reform, industrial reform. All of those things make a huge contribution.

JOURNALIST:

In your view, in the last 18 months, have you discussed the fact that the general community doesn't seem to share your view, the Reserve Bank Governor's view of the fundamental effect of the economy and how you...

PRIME MINISTER:

Well we weren't aware when we conducted the review of the Reserve Bank Governor's view.

JOURNALIST:

... this conjunction of remarkable economic circumstances isn't [inaudible] how do you address that?

PRIME MINISTER:

It is, I mean obviously as part of any general political discussion you talk about community attitudes and so forth. I am not going to give you chapter and verse of that discussion but plainly, there needs to be a continued communications effort by myself and leading figures in the Government to explain the fundamental strengths of the Australian economy. I understand the mood of the Australian community. I also understand that we do have that very fortunate conjunction of circumstances of which I spoke in, near Newcastle some four weeks ago and I think it's very important that that be emphasised and it's very important that the positive side of the story be told repeatedly because there is a very positive story to tell, particularly about the last 18 months.

I mean, it is remarkable what we've been able to do on fiscal consolidation. We have had all these reductions on interest rates. We are going to have a surplus in year three of our first term in Government. We have achieved a great deal more on workplace relations reform than we are being given credit. Some of our critics in that area have not even themselves taken advantage of the benefits of the changes that have already been introduced.

I think this will have to be the last one otherwise I will be in trouble with my press secretaries. No, perhaps somebody who we've not had before. Do you mind?

JOURNALIST:

Mr Howard you're talking about taking the speed limits off and of course that's great to have the Reserve Bank Governor is saying that but you have reduced a lot of the obstructions, as you call them in the economy, and it hasn't doubled growth. If you're going to double growth is there any other way of doing that other than actually stimulating the economy through incentives and...

PRIME MINISTER:

We have been in power for what, 16 to 17 months and you say you haven't doubled growth. I mean, that's the equivalent of saying you haven't abolished unemployment. I mean, we have been there 16 months. We have, the three or four major impediments that we inherited, we have addressed. I am not saying all of the things that we have done have run the full limit of their effectiveness because time is required, but what we have done in relation to the budget deficit has obviously contributed to falling interest rates and it has helped to improve the trade account.

What we've done on industrial relations reform has obviously made a contribution towards removing some of the structural impediments. What we have done in relation to competition policy and privatisation have also made a contribution. All of those things themselves have made a contribution towards removing the speed limits. I don't favour some broad-based budget stimulus. We don't need that and I don't think any, I don't even hear some of the most interventionist leaders of industry calling for that. What they're calling for are some targeted incentives but I don't hear even the most interventionist of industry leaders saying, you know, we need to run a much bigger deficit.

I mean, they are all in favour, all of them, the MTIA's report last Sunday, they're all in favour of what we're doing on the budget. They applaud that, they call for it, they all want tax reform, they all want industrial relations reform. The industry policy debate has really, it really does narrow down, when you talk the nuts and bolts policies, the industry debate narrows down to the extent to which the Government intervenes in particular sectors or in a limited way across the whole economy to help industry by subsidies or tax incentives or other investment inducements of that kind.

JOURNALIST:

So is growth just a matter of waiting?

PRIME MINISTER:

Well the outlook for growth is very strong. I mean, some of it has arrived. It's not a question of waiting for it. We have very strong business investment. We have an enormous potential at actual business investment being undertaken in the mining sector. Now I know it's not right across the economy and I acknowledge that but the idea that the economy is idle and stagnant is completely wrong and it defies not only the figures but it defies the actual experience of many investors and business men and women out there in the market place.

Thank you.