



286

PRIME MINISTER

FOR PRESS

5 DECEMBER 1977

UNEMPLOYMENT FORECASTS

The unemployment forecast prepared within the Department of Employment and Industrial Relations leaked to the press tonight was dated 23 August 1977.

This forecast forms part of an internal confidential Departmental working document which was put together without the complete knowledge of the backup Budget documents and of important developments since then.

The forecast is therefore outdated and misleading for the following reasons:

- . It does not take full account of the Budget.

- . It takes no account of the low C.P.I. increase of 2 percent in the September quarter. Indeed, the document from which the figures have been selectively leaked assumed the September quarter C.P.I. increase would be greater than that in each of the two preceding quarters.

- . The forecast also takes no account of the good September quarter growth in the Gross Domestic Product, as revealed in last week's quarterly National Accounts. These accounts confirmed the improvement in the trade account with an expansion of 5.3 percent in exports and decline of 6 percent in imports.

- . It also takes no account of the important decline in interest rates and of the Government's policy (following the Budget and the September quarter C.P.I.) to keep interest rates falling.
- . It does not take account of recent statistics showing a strong increase in both actual capital expenditure in the September quarter and expected capital expenditure for the December half-year.

In addition to the foregoing factors, it has been known that an election would have to be held within 12 months.

Once it is clear that the Government's policies will be continued - as will be confirmed on Saturday - additional confidence will assist the pace of economic recovery.

This will then be followed by a December quarter C.P.I. which partly because of the Government's policy in keeping down State and Commonwealth indirect taxes and charges will show one of the lowest increases for many years for that period. This will reinforce the recovery in economic activity.

Hence, these forecasts, like those of the ANZ Bank, have been surpassed by a series of important developments and Government initiatives since they were prepared.
