



PRIME MINISTER

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E O E - PROOF ONLY

Question:

Well, you must have had an early Christmas present, Sir, with the OECD report that's been issued?

PM:

Well, it was very good. We're pleased with it, but not entirely surprised, because I've been saying, as has Paul Keating, that we've had the right policies in place, and we've expressed cautious optimism for 1987. I'm pleased that the OECD has confirmed that. It shows that they expect quite solid growth rates in 1987.

Q:

Mr Howard said on radio this morning that he thought that...

PM:

Who's that?

Q:

Mr Howard.

PM:

Oh, I just (?) heard.

Q:

...that those figures were too optimistic?

PM:

Yes, well what do you expect, they are dedicated to trying to write down the Australian economy. They weep tears whenever good news comes out. That's why Mr Howard is treated with contempt by the Australian people, because Australians do not like people running their country down, and that's all that Mr Howard does. That's why he won't be leader for very much longer.

Q:

He claimed in fact that those figures actually reflect the Treasury view?

PM:

Oh, does he? Well, I don't think anyone takes any notice of Mr Howard anymore. The facts are quite clear - we have been saying on the basis of the statistics that have been coming out in regard to investment, to trade, exports, imports, that the policies that we've put in place are working, and that judgement has been confirmed now by many people, and the OECD report is simply the latest confirmation of what we've been saying. I repeat, it's a tragedy that Mr Howard has a vested interest in trying to run his country down, and he's paying a very heavy price for that lack of commitment to the welfare of his countrymen.

Q:

The OECD did warn that unemployment would rise by about .5 percent?

PM:

Well they have indicated that it could be at about 8.5 percent. There's going to be rising employment - I refer to the increase in the workforce - we would hope that we may be able to bring unemployment down in 1987. The major thing we have to do is to ensure that we don't allow too high a level of economic activity, because if you do that you will put an unbearable strain upon our external account position. Now it would be easy to just pump prime the economy, lift up levels of activity and thereby, perhaps for the short-term increase employment activity. But you've got to have the right timescale. You've got to make the tough decisions now - still exercise a degree of restraint, so that we will get on top of that external account problem, and when we do that we'll ensure that we have a lowering interest rate regime during 1987, and we'll put Australia into a position for being in the strongest basis, the strongest possible basis, for secure, long-term growth in output and employment. We are not going to sacrifice the long term for some cheap political stunts now which might up the activity, the output levels, up the employment growth but then lose the external account altogether.

Q:

- on another matter -

Mr Hawke, businessmen here say that the QANTAS reciprocal rights agreement is stifling tourism...

PM:

Stifling tourism?

Q:

Yes.

PM:

In Australia?

Q:

Yes.

PM:

Well, I mean...

Q: Because there aren't as many tourists coming to ...

PM: Well, if there's one thing that isn't being stifled in Australia it's tourism. I mean...

Q: But it could be better - if there was an open air agreement. Any chance of that?

PM: You can't just simply say we're going to have an open air agreement like that. The whole question of international air agreements between countries is a complex situation. Australia is not able itself is not able to lay down the law as to what will apply, and I simply go back to the overall question - tourism. It is one of our outstanding successes, not least because of the activities of the outstanding Minister for Tourism that we have - John Brown. We've had a position where now in this last year something like one-and-a-quarter million overseas arrivals - we're aiming for two million by our Bicentennial year, 1988. We're very pleased that, as a result of the efforts that we've made in promotion and investment allowances, that Queensland, and northern Queensland in particular, is sharing very largely in that tourist explosion - something like a third of those tourists - over 400,000 - come here to Queensland. And that's good.

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