PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, ANDREW KERR FRAIL AGED HOME, 29 SEPTEMBER 1989

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JOURNALIST: Mr Hawke, interest rates, with your deal with the five major banks the smaller banks are crying foul?

PRIME MINISTER: Are they?

JOURNALIST: Yes

PRIME MINISTER: Well, I don't see that there's any case for that. We have got a position where, in regard to those who have got the equivalent of the SRD's, a position has developed where the disability that was involved when we made the arrangement to run those down has meant that they have incurred a larger disability because of the rise in the market rates and what has been done is simply to restore that differential that existed before and in that situation a ceiling has been placed on mortgage rates. That will obviously be for the benefit of the community as a whole.

JOURNALIST: The building societies are saying though that they can't keep it at 17 per cent, they'll have to rise to 18 per cent.

PRIME MINISTER: Well they haven't got the same situation as the banks have in regard to a disability in regard to those deposited funds so, they're not in the same situation.

JOURNALIST: Mr Hawke, when is the next election? Is this supposed to be a prelude to the next election?

PRIME MINISTER: No, you see the problem with this is it means that when we have an election and I go out as I do a few weeks after an election to a nursing home or some complex, presumably I'm going to have another election. I mean, I travel around this country the whole period between elections and I do it because I enjoy doing it and it has got nothing to with elections.

JOURNALIST: So the deal with the banks has nothing to do with the election at all?

PRIME MINISTER: The question I just had wasn't related to the deal with the banks. You've just done a jump haven't you?

JOURNALIST: No, no, no it was actually to do with the deal with the banks.

PRIME MINISTER: Your question about my travelling around; would that have anything to do with the election then you jumped to the question about the banks. No, this is something that needed to be done because what we have been trying to do, as you know, is to level off the extent of economic activity in Australia and we believe that the housing industry has now taken enough of that pressure and people acquiring houses have taken enough of that pressure. They've played their part and it's appropriate to put a limit on that.

JOURNALIST: So how long do you think you will be able to keep the interest rates down?

PRIME MINISTER: Well we've made the point that the rest of the economic policy is in place to try and create the framework within which an appropriate time monetary policy can be eased. But both Paul Keating and I have said that we are not going to be doing that a moment before it's responsible or certainly we are not going to keep rates higher for a moment longer than necessary but when we are persuaded on all the range of evidence that level of activity has come off to a point where we will be able to sustain the level of imports then it's at that point that policy will be eased.

JOURNALIST: Mr Hawke while small banks are crying foul the Opposition are crying fix and say its wholly to do with the forthcoming election.

PRIME MINISTER: Anyone taking any notice of the Opposition? I mean I'd just suggest that you look at the Business Review Weekly's poll. The business community simply doesn't take the Opposition seriously. I mean they have had donkey's years now to come up with policies, they can't get a policy together for a number of reasons. One, they are bitterly divided personally between Mr Howard and Mr Peacock and others. They are spending all their time fighting one another. There are conceptual differences. We are literally years, now years behind the promises as to when their policies would come forward. The business community, Australians generally, for very valid reasons don't take them seriously so anything that they have got to say about yesterday's decision is a matter of supreme indifference and irrelevance.