



# PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP  
ERINA FAIR, CENTRAL COAST, NSW  
WEDNESDAY 15 AUGUST, 1994**

J: ...today's cash rate rise, is it the last for this year?

PM: I think the main thing is the Government wants to see the recovery remain sustainable. And, that means that we want to be able to maintain low inflation and the way to do that is to keep a watchful eye on inflationary pressures. And, I think, the fact that this is happening around the world, in the United States, in Australia, is a very good thing for a prolonged recovery, more jobs and lower inflation.

J: So, do home owners need to batten down the hatches?

PM: I don't think so. I think that some of this may flow through to housing - some, some. But, I think there is a very competitive housing market now. The chance of all this - three quarters of a point - going to housing rates, is pretty slim.

J: What's this going to do to business investment and employment growth?

PM: Well, I think it will encourage the investing community to believe inflation is truly in check, in Australia; that we'll maintain our competitiveness; and, if anything, I think it will just encourage people to believe the recovery will be longer.

J: With the economy growing faster than government forecasts, can we expect another government financial statement later in the year?

PM: No, the Government brought a Budget down in May and the economy is growing in the sort of, general, region of the Budget forecasts. But, I'm happy to say that we're the fastest growing economy in the Western World. The main thing is, though, we want low inflationary growth and that's what today's decision is about.

- J: Won't the rise in interest rates take some of the steam out of that growth?
- PM: No, because I think the profit share in the economy is so high, the strength that underlies the business community now, for investment... Remember this, we've had a recovery now for a couple of years - I think, for about ten or twelve quarters - and yet the investment phase is just coming. So, we've got all of that to enjoy.
- J: But, there's pressure now on the Accord, won't that also create...?
- PM: I don't think so. There's not a lot of pressure around the wage market at the moment, we've just not long ago done a deal with the ACTU for the bottom end of the workforce - two lots of eight dollars. So, at the moment the Australian economy is ticking over, in terms of wages and inflation, very nicely. And, of course, most particularly with growth and jobs - employment. That employment growth we saw a week or so ago - 90,000 for the month and unemployment falling half a percentage point - is indicative, I think, of our capacity to maintain reasonably strong employment levels.
- J: Prime Minister, is Mr Hawke's book receiving the attention it deserves?
- PM: Well, I said something about that yesterday and that is all I want to say.
- ends.