



PRIME MINISTER

1 November 1996

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
DOORSTOP - FIVE DOCK
SYDNEY**

E&OE.....

JOURNALIST:

The big concern isn't red tape, it's that the economy's at a stand still. What can you say to them to tell them when it's going to improve?

PRIME MINISTER:

Well it's both the red tape and in some areas activity is lower than we would like, but it's patchy. There are some areas in the service industries that are doing very well. It's less buoyant in manufacturing. Most of the economic forecasts suggest a stronger level of activity next year. I have no doubt that some of the past reductions in interest rates, as they flow through, will help. And the benefit of the community having seen the Government produce a strong but fair budget and the knowledge that some of the other major reforms of the Government are coming through, such as industrial relations, all of those together over time will create a stronger climate. The other thing working very much in favour of an improvement in activity is the relative strength of major overseas economies. The United States economy is in good strength. The Japanese economy is stronger and growing better, and the prospects are stronger than in the many other forecasts suggested a few months ago. And of course our own immediate region continues to grow very strongly. So you've really got a quartet of optimism. You've got strong overseas situations, low inflation, low wages growth and an acceleration of the Government's own reform agenda. I think all of those together will create a generally more favourable climate. Thank you.

JOURNALIST:

But the confidence isn't there. You say over time, what are you going to do to kick-start it sooner...?

PRIME MINISTER:

I don't accept, I don't accept that there is a widespread lack of confidence. I acknowledge that in some areas activity is not as great as people would like. And there's no gimmicky kick-start. Government's that engage in gimmicky kick-starts are always bound to disappointment and so are the people who think they may benefit from it. What you can do is lay proper foundations by attacking fundamentals, and we've done that. We've done that with the Budget, we're doing it with industrial relations reform and at a micro level we are doing it in relation to small business deregulation.

JOURNALIST:

(Inaudible)...interest rates?

PRIME MINISTER:

Lower official interests rates is a matter for the Reserve Bank, it's not a matter for me. I'm naturally pleased that in the household sector there are reductions in interest rates occurring - \$104.00 a month is the extent to which average home-buyers are better off in the last seven months - but what happens at the official level is a matter for the Reserve Bank of Australia.