



PRIME MINISTER

29 January 1997

**TRANSCRIPT OF THE PRIME MINISTER
THE HON. JOHN HOWARD MP
DOORSTOP INTERVIEW - BALLARAT**

E & OE.....

PRIME MINISTER:

Have you got any questions?

JRNLS:

Mr Howard, do you think (inaudible)?

PRIME MINISTER:

Fabulous news because it's good for small business, it's good for jobs, it's good for investment, it's good for families, particularly for Australian home buyers, all around, absolutely fabulous news.

JRNLS:

Is it good for a place Ballarat though that's got an unemployment level that's above the national average?

PRIME MINISTER:

Yes it is because what it will do is produce an even better climate for investment in small business. The key to reducing unemployment in Australia remains a growing small business sector and we have done many things to improve the small business climate. Low inflation, the interest rate cuts we've had, the new unfair dismissal laws that are removing the intimidatory aspects of the former law, the capital gains tax concessions, all of these things are building a better small business environment and that is particularly good for regional areas like Ballarat.

JRNLS:

... conducive now to a further interest rate cut somewhere down the track?

PRIME MINISTER:

I don't want to speculate about interest rates. We've had three cuts. Obviously if inflation stays down, that's good, but I'm not going to get into this business of, it's not right for me or the Treasurer to get into the business of speculating about future levels of interest rates but what we now have is a return to the low inflationary environment of the early 1970s and in the longer term, indeed in the medium term, that is tremendous news for the whole Australian community.

JRNLS:

What are the implications of the budget blow out going to be?

PRIME MINISTER:

I think you will find that we will once again do the right thing by the Australian people. We will get the balance right between getting rid of unnecessary expenditure and equally protecting the, leaving intact the social security safety net.

JRNLS:

When will we be getting the tax cuts through?

PRIME MINISTER:

Look, I don't have anything to add to what Peter Costello said yesterday. Don't even try it.

JRNLS:

Surely any increase in employment just in the small business sector is not going to fix the figures substantially. What else is there?

PRIME MINISTER:

Over time Fleur, it is the only thing that will significantly reduce unemployment because the big employer in the Australian community in the long term is the small business sector because it will grow more rapidly. It's not subject to the same downsizing as the larger corporations and having a vigorous, sufficiently well - deregulated small business sector is tremendously important for future employment growth. But it will take time, it really will. I mean, if the former Government had 13 years and left us with an unemployment rate of 8.5% and it's impertinent in the absurd for them to be banging the table after only 11 months and saying, why is it still 8.5%? How ridiculous. How impertinent.

JRNLST:

Are you prepared to put any figure on what level you could reduce it to and when?

PRIME MINISTER:

No I don't deal in those sorts of figures. I deal in a steady resolve to reduce unemployment over a period of time.

JRNLST:

Will this turn into a horror budget as Gareth Evans said?

PRIME MINISTER:

No, no. Gareth Evans is grasping for words. He's just flailing around with a line. I mean, they were the mob that left us with the problems.

JRNLST:

How difficult is it going to be to get \$3 billion worth of cuts through the budget?

PRIME MINISTER:

Well we shifted \$7 - 8 billion in our last budget. We will do the right thing by the Australian community. We will get the balance right. We will be strong but fair once again.

JRNLST:

Can you guarantee that there will be no further welfare cuts?

PRIME MINISTER:

Peter Costello gave a guarantee yesterday in relation to the social security safety net?

JRNLST:

Should the Government have known about the budget blow out?

PRIME MINISTER:

We did know about it and we revealed it yesterday. What happened was that there was an estimating error made by the Treasury and the Australian Taxation Office. I'm not criticising them for that. These things are imprecise. You're dealing with \$130 billion in revenue and you're out in one year by \$1.6 billion. It's regrettable but we've revealed the situation and we're setting about fixing it.

JRNLSST:

Do you see a double dissolution if the Senate rejects the changes to migrants?

PRIME MINISTER:

I like the idea of parliaments running their full term but I ought to say this, that there's very strong support in the Australian community for the measure to impose a two year waiting period on benefits for new migrants, very strong support in the Australian community for that measure. It's a fair measure. We're giving new arrivals fair warning of it and I think it's the sort of measure the Senate ought to pass without further delay.

JRNLSST:

Will you go as far as to call a double dissolution?

PRIME MINISTER:

Look, I don't deal in empty threats. I want to serve three years. I don't think the Australian public wants another election. The Australian public is fed up with early elections. The Australian public votes the Government for three years. They like it to run their three years.

JRNLSST:

Do you think the Australian public though wants to see something done about unemployment in the short term? You keep referring to the long term. What about the short term?

PRIME MINISTER:

I think everybody would like to abolish unemployment overnight but it's not real life to think that that's going to happen. When you've been in office for only 11 months and you've inherited an economy which a previous government mishandled for 13 years, it is quite ridiculous of that former government to then bang the table and say, why do we still have unemployment? It will take time. It will take time for some of the measures that we have already introduced to have a beneficial effect but you can't gainsay the fact that we've had three cuts in interest rates. We have an historically low level of inflation. We've introduced capital gains tax relief. We've fixed the unfair dismissal law. We've fixed industrial relations. All of these things will produce a more benign climate over time for small business and people must understand that it does take some time but when these measures fully bite, they will have a beneficial effect on employment.

JRNLSST:

How will we fix the estimation errors?

PRIME MINISTER:

You can never be certain that an estimate proves to be exactly right. You will get every single budget, no budget has ever come in completely on target, ever, in the history of Australia, ever completely on target. You can never be certain. people are only human and they make the estimates on the best information available and it's happened with former governments, it's happening with this Government and it will happen with future governments, and there's no good my pretending, or anybody pretending that you can't avoid these things but it's \$1.6 billion out of about \$130 - \$140 billion of revenue.

JRNLSST:

I believe that Cabinet discussed the High Court's Wik decision yesterday. Was there any developments in that?

PRIME MINISTER:

I don't discuss the contents of Cabinet discussions. Thank you.

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