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PRIME MINISTER

28 October 1997

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
RADIO INTERVIEW WITH
ABC AM, ABC RADIO**

E&OE.....

PRIME MINISTER:

The best thing that we can do, of course, is to continue to strengthen the fundamentals of the Australian economy.

MATT PEACOCK:

But it is not saving the dollar at the moment, is it?

PRIME MINISTER:

I am not going to give a daily commentary on the level of the dollar. But I am going to say to the Australian people that if my Government had not taken strong action to reduce the budget deficit, if I had taken Kim Beazley's advice and done nothing and pretended there was no deficit, if I had adopted the advice of the Opposition and not taken any tough fiscal measures, then the Australian economy would be a lot more vulnerable to what is now occurring around the world, and it currently is. And that is a message that I believe the Australian people will increasingly recognise and accept. What we have done since being in office is to strengthen the protective mechanisms of the Australian economy against adverse international circumstances. And whilst you can't guarantee that we are not affected at all, and no Prime Minister can do that, what you can do is to minimise the impact and that is what my Government has done.

MATT PEACOCK:

Is it a suggestion that we shouldn't be writing off Europe as a market yet?

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PRIME MINISTER:

I never have. I have followed not an Asia-only policy, which my critics wanted me to follow, but I have followed an Asia-first policy. And I have said that we have economic linkages and economic strengths and economic investments in other parts of the world as well as Asia. And this idea that I was deluged with when I became Prime Minister that we practically had to ignore the rest of the world and only concentrate on Asia was always wrong. And I think the wisdom of our strategy, which puts prime importance on Asia, it is an Asia-first policy but it is not an Asia-only policy.

MATT PEACOCK:

Now you have said you will have to redouble your efforts for reform, but tax reform is at least a year off, is there anything you can do now to protect the economy?

PRIME MINISTER:

I wouldn't say tax reform was a year off. Tax reform has started already because we have begun the process of preparing a fundamental restructuring of the Australian taxation system.

MATT PEACOCK:

So how far away is it?

PRIME MINISTER:

I am not going to predict at this stage exactly when the plan will be announced. But it will certainly be announced...

MATT PEACOCK:

Faster rather than later?

PRIME MINISTER:

No, it was always going to be faster than your year off suggested.

MATT PEACOCK:

What about the aged care policy. You have changed that once. Who is to say that you are not going to again if there is, what you call, a scare campaign?

PRIME MINISTER:

I wouldn't expect that it would be changed again, no, because the changes we have made represent the fine tuning I promised before I left Australia. The fundamentals of the policy are right, we have got to get more capital into nursing homes and it is fair to say to people and the families of people who can afford to make a contribution that

they should make a contribution. Now I know it is very easy when you are dealing with elderly people to scare them, which the Labor Party has done, but they introduced the same system to hostels. The only difference then was that we didn't conduct a scare campaign. We actually let the measure go through without running a scare campaign. And an Opposition can be a spoiler, an Opposition can run a constructive fear campaign no matter who the Government is, whether it is Labor or Liberal. But in the long-term national interest with an aging population we really do have to have these kinds of policies, fair and looking to people who can afford to do so to make a contribution.

MATT PEACOCK:

No more fine tuning?

PRIME MINISTER:

I wouldn't expect it was necessary, no.

MATT PEACOCK:

Prime Minister thanks for joining AM.

[Ends]