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TREASURER

NO.

EMBARGO

TRANSCRIPT

of

THE HON PETER COSTELLO MP

Treasurer

Doorstop

Canberra

Thursday, 4 April 2002

12 noon

E&OE

SUBJECTS: **February retail trade figures; economy; petrol prices; National Australia Bank; stem cell research**

TREASURER:

Today's retail trade figures showed a solid growth in retail trade in the month of February of 0.3 per cent. It is welcome news because it came on the back of very strong growth in January of about 1.4, but it is a solid result and it is consistent with an economy which is growing in a solid way. I think there has been a tendency in recent days to engage in some irrational exuberance in relation to the economy. We are still in a very difficult world situation. The Australian economy is growing faster than every other developed economy in the world, but this is still a difficult world environment and anybody who thinks that it is sunny uplands all the way home from now on, would be mistaken. Australia is growing solidly in terms of retail trade, there is a lot of consumer confidence in the Australian economy supported by low interest rates and low tax rates. But the international environment is still a very sticky one, and it will take considerable care in economic management over the next twelve months.

JOURNALIST:

Does it validate a possible interest rate cut, interest rate rise next month?

TREASURER:

Well, I have noticed a lot of the press commentary, I think, over recent months has swung from the pendulum of despair to the pendulum of exuberance in a very short space of time.

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The international environment is a very difficult environment - a Japanese recession, the United States very weak, Europe very weak. It is true Australia is the best performing economy in the developed world but you do not want to think we are out of the woods, it is still a difficult environment. Now, the good thing about today's figures are that they show that retail trade grew in February after a very good growth in January, but it is solid, it is not runaway, it is solid growth, the kind of solid growth you would be hoping for in this difficult international environment.

JOURNALIST:

Treasurer, how do you defend this unprecedented commentary on interest rates by senior Government Members such as yourself?

TREASURER:

Well, I have not been commenting on interest rates.

JOURNALIST:

Well you seem to be giving a very clear signal to the Reserve Bank that things aren't ready yet for an interest rate rise?

TREASURER:

No. I comment on the economy because I am the Treasurer of Australia, that is part of my job.

JOURNALIST:

Mr Costello, are you worried about any, the world economy worsening as a result of the Middle East crisis, especially if it starts influencing petrol prices?

TREASURER:

Look, the worst thing about the Middle East is the killing and carnage and I hope that a ceasefire can be put in place, and I hope that the killing and carnage can come to an end. The secondary consideration is the economic fall-out. We learnt, not just in Australia but around the world, we learnt in 2001, that rising oil prices dampened consumer sentiment and slowed growth and contributed to a world slow-down. That is what we learnt in, as recently as 200 1, and you have got to remember that rising oil prices are not good for economic growth. We would prefer to see more stable, moderate oil prices.

JOURNALIST:

What do you make of the National Australia Bank's decision to close some of its rural branches?

TREASURER:

I haven't seen its announcement. I thought it was not even making one until next week so I would have to...

JOURNALIST:

It's signalled its intentions.

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TREASURER:

. . .well I would have to see what was involved before I could comment on that.

JOURNALIST:

Treasurer, can I ask you about stem cell research and your position on that?

TREASURER:

Well, I am against cloning human beings and creating embryos for the purposes of research. But, the issue that has come up at present, is, in relation to already-created embryos which are going to be destroyed anyway, whether or not research can be done which holds out the hope of alleviating pain and suffering and bringing possible cures to intractable diseases. And, I think in relation to that research, in relation to embryos that would be destroyed in any event, that the possibility for healing sickness is such a great opportunity that I can see a case for doing that in those limited and controlled circumstances.

JOURNALIST:

What about a conscience vote?

TREASURER:

I think this is something where there should be a conscious vote, yes. There will be different views in relation to this and I think people have to follow their own conscience. My conscience says it would be wrong to clone, or it would be wrong to create embryos for that purpose. But you are talking about embryos that have been created and would be destroyed in any event, and I think the possibility that research could save lives or alleviate fatal diseases, is something that we should reach out and in limited, under limited controls we should try and take.

Okay, thanks.