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Interview with 60 Minutes, Channel Nine, Canberra

HOST: Prime Minister thanks for talking to us. Just two days ago you said \$20,000 was enough protection for bank deposits. Now it's all deposits in all banks in Australia. Is that dramatic change telling us that there are worse things to come?

PM: Not at all. Our banks remain in fine first class working order. The reason that we have gone for the guarantee that we have provided is because governments all around the world are now doing this. And they are doing it in countries which have got banks in a very bad condition.

The problem is, if we in Australia don't do the same, then I am concerned about putting our banks in position also where they are looked at differently as they go to try and raise money overseas.

But there is a second reason as well. And that working families, pensioners, carers, small business operators right around Australia, themselves have become increasingly anxious because of what they have been seeing on their television screens night after night.

And I as Prime Minister of Australia intend to give them certainty. And that is why I have taken this decision, based on advice from our regulators, to guarantee all deposits for the three year period ahead.

HOST: But you keep saying that. You constantly say our banks are not in the dire position as their overseas counterparts. If that is reality, why do they need such a widespread taxpayer funded guarantee?

PM: Well our advice as the Government comes from the regulators. And the bank regulators go through the balance sheet of these banks day in, day out and they have been doing it all year.

They are in the best position to tell the Government the true state of the health of our banks. And what I have said to you tonight and what I have said in recent days is not something we have plucked out of space. It is based on a cold, hard analysis of the numbers.

But secondly, you know, you look around and you see people who have small deposits in banks or other financial institutions, building societies, credit unions, because of what they are seeing on the TVs, getting more anxious and anxious. And I am not prepared to tolerate that continuing.

HOST: You also, Prime Minister, you are also going into the banks. As we understand it you are also guaranteeing for a large extent, the banks' ability to raise money overseas.

PM: Well you know something, the stability of the banks is of fundamental importance to all Australians. Households, small businesses, pensioners who put their bank accounts in their local bank branch.

They have, all of them, a deep sense of the need for our financial institution to be as stable as possible into the future. And that means that looking after the long term stability of our banking system is not just something for those banks themselves, it is a main street concern for working Australians, pensioners, carers, everybody.

And we are equally concerned therefore about the stability of the banking system as we are about looking after the individual interests of depositors themselves and we have done that through the decisions that the Government has announced today.

HOST: And what about the rest of the economy, your Treasurer has already admitted that unemployment is set to rise. How many jobs will be lost?

PM: Well you know this global financial crisis is affecting growth and jobs right across the world and that means affecting growth and jobs here in Australia as well. It is a global crisis with local consequences.

HOST: Yes but how many jobs here Prime Minister?

PM: Well I was about to go to that. On the jobs front, what it means is that we are going to see increased unemployment. I don't want to gild the lily with people watching your program tonight. It is going to be tough. But I am also saying we have a strong course of policy action to see Australia through. The reason we brought down a \$22 billion budget surplus earlier this year was to give us the financial buffer to act for the future.

HOST: You inherited a lot of that from the previous government, but let's talk about how many jobs. You've just come out of meetings with your departmental chiefs in Canberra all weekend, you've been crunching the numbers, tell us what they're saying.

PM: Well on the question of the \$22 billion budget surplus, that's for the financial year that we're in. It's not inherited from the past at all. That's the first point.

The second is this - what our advisers are saying to us is that the money we, this government, has set aside can be invested now to make it possible for Australia to remain in positive economic growth into the future.

Most other economies around the world have gone negative already, most other economies in the world have got unemployment now going through the roof, in Australia we are well positioned to see ourselves through this, but it's going to be tough and hard.

HOST: Are we talking 300,000 jobs? 400,000?

PM: Look, all I can say is given the major shift in the global financial crisis in the last week or two, where it's gone to a new and dangerous stage, I don't want to mislead people, saying that's got no consequence for jobs. But no, we don't have numbers around it, but what I do know is we have a large budget surplus which we can draw on now to assist in seeing the Australian economy through the very difficult and stormy times which lie ahead.

HOST: Are you expecting the price of housing to fall here in Australia?

PM: Well, I don't have detailed information on various parts of the housing market, it's different across various parts of the country, but you know if the economy is being buffeted abroad, then it follows, from forces abroad, it means that it's going to impact all parts of the Australian economy as well. That's just the truth.

HOST: And Prime Minister, Wayne Swan has also conceded that the budget will take a hit. You'll be walking on egg shells trying to balance that. Which part will be cut first?

PM: Well, because we were so conservative in our budgeting, and putting aside such a large surplus, we believe that we can deliver on the commitments we made to the Australian people through the budget and prior to the election. It's going to be tough, but we've got a strong enough buffer there despite the reduction in government revenues to honour our commitments and to keep the economy strong long term. That's our commitment to see Australia through this economic crisis which has seen already 25 banks around the world either fail or be bailed out.

HOST: Prime Minister, your emissions trading scheme. Will that be delayed? Yes or no.

PM: We maintain our ambition to deliver the Carbon Pollution Reduction Scheme as we promised, which is 2010.

HOST: So that's still on the table? Will start as predicted?

PM: Remember, implementation date for that is some two years away. What you've got to use the interim time for is to get all the rules right and make sure that it's properly consulted with business and that you've got the settings right. You can't just put that off forever. You put it off forever, let me tell you there is a big, big long term economic cost which is looming through no action on global warming. We've got to act because there's an economic price tag attached to not acting and it's huge.

HOST: Prime Minister, thanks very much for talking with us tonight.

PM: Thanks for having me on your program.

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