



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
INTERVIEW WITH PAUL BONGIORNO, FEBRUARY 26 1992

E&OE PROOF COPY

BONGIORNO: Thanks Mr Keating for coming.

PM: Good Paul.

BONGIORNO: The big question seems to be tonight is where's the money coming from?

PM: It's coming from a hard won, tight fiscal position which this Government took eight years to put into place. All those huge structural surpluses that I produced in the late 1980s are sitting there, that structure is sitting there now so when private spending is down, when private investment is down the sensible thing to do is to lift public spending, public investment up. And we can do that and bring the budget back into surplus by 1995.

BONGIORNO: But how do we re-pay that \$2.3 billion?

PM: It will be repaid by the growth coming off the economy, as receipts pick up, as growth picks up, as employment picks up, the budget swerves back into surplus and basically cover those funds. In other words it's the time when other people are not spending in investment, now's the time for the Government to be spending in investment and particularly on long-run investments like the rail system, the ports, the highways, the roads, the electricity grid. They're all the long term things that can only come from government investment.

BONGIORNO: But haven't we seen here tonight Paul Keating 'the gambler'? You're taking a big risk, even on your own projections three years out spending and demand will be powering along and imports, for example, will be well ahead of exports. To deal

with that in the past you had to up interest rates.

PM: You saw what the Treasury said in tonight's document, that they expect the debt to stabilise in about 1994-95, that this is no gamble. It's a \$2.3 billion package in a budget of \$100 billion. It's a package from a budget which has got a structural surplus underneath it. There is no gamble, this is just a sensible thing to do and it's part of a plan, it's a four year plan to stimulate growth, employment, private investment and public investment, a partnership between the public and the private sector. And two years from now we provide tax cuts to Australians to take their tax rate to 30 per cent while the budget goes back to surplus, and 30 per cent without Dr Hewson's 15 per cent consumption tax.

BONGIORNO: See, the suspicion is that the Statement tonight is to get you over the hump of the next election, that it's really very cleverly politically aimed.

PM: Well it's got to get Australia over the hump. We don't want to be in a recession for any longer than we need to be and it's about getting us over that. It's a quarter of a century since we've invested in the rail system, we need a national rail highway, it's absurd for it to be breaking up highways with trucks carrying bulk commodities, we need a sensible airline system, we need ring roads around the cities. These are things that are needed and now is the time to build them when the economy needs activity.

BONGIORNO: On your own projections tonight we still have unemployment running above 9 per cent for the next three years. When will Australians begin to feel confident again about their jobs, about employment?

PM: Once the trend is going down. It's the trend that matters, I think, rather than the rate. It's now at about 10.3 - 10.4 per cent, we expect it to go 10 - 9.5 - 8 and at the end of the period, four years, to have a 7 in front of it.

BONGIORNO: Why is it that you gave families a boost in spending, the \$125 boost to the family allowance? What about the pensioners, they've been hit very hard by the recession?

PM: Pensions have been adjusted for inflation fully right through the 1980s, but wages were cut less than the inflation rate. So it's tax payers with children who have had less support than the full adjustment for inflation under the pension system. This is about recovery. We've tried to

see how we could spend quickly, put some stimulus into the economy quickly before the rail and road projects build up, and we can make this payment in April and it will go to tax payers with children- families, it will go to where it's needed. If it was Dr Hewson he would have thrown it up the top end of town, it would have been the high income tax payers or the wealthy companies. We haven't done that. We've given it to the people who need it most.

BONGIORNO: Is this a vote winner? Can it help you win the next election?

PM: First of all it is a job winner. It's a plan for Australia, it's not a miserable change of the tax system from income to expenditure, taxing the food you put in your mouth and the clothes you put on your back, it's not that. It's a typical Labor thing, it's building Australia, it's doing all the big projects like we always have - the rail system, the roads, the ports, the airlines. We're the only ones that ever done these things, Paul, and it's obviously a plan with vision and with vista and it gets beyond the miserable accountancy of Dr Hewson's tax package.

BONGIORNO: OK, thanks very much Prime Minister.