



**PRIME MINISTER**

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP  
DOORSTOP, MELBOURNE, 27 APRIL 1995**

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**J:** How did the meeting go?

**PM:** It was very good I think. We've will run one of the most successful income policies in the world. The Accord is now 12 years old - when we first started, people didn't think it would become 12 months old. Now, it's 12 years old and we are now looking at this Budget and the economy for the balance of the nineties, and this is the time to have another discussion about the next variation on the Accord's model.

**J:** What issues did you speak about?

**PM:** The general ones - obviously, the Budget specific ones about wages - the wage system - about inflation - we have had very good underlying inflation numbers today - we are very happy about that. And going back where we were with Accord Mark VII - recording the progress we have made. We were seeking then half a million jobs over three years - we have got the half a million jobs in two years - we got to the target in two-thirds of the time. And so we went...we reconnoitred back over the Accord Mark VII - looked at the success we have had with it, what things we need to do differently.

**J:** Was there any understanding on the issues discussed?

**PM:** We had a good general natter, and we are going to probably meet again and say more to one another.

**J:** Will there be a superannuation tax cut this year?

**PM:** I'm not here to discuss the Budget, and we didn't go to that sort of detail at the meeting.

**J:** How happy are you with that inflation rate?

PM: Well, the underlying rate actually came down, so it's a very good result - it was 1.9% - the underlying rate - and it's the underlying rate that matters. The headline bounces around, depending on what's in it in any particular month, but the underlying rate...even though the headline rate went up because it has now got mortgage interest payments and other payments heavily weighted in the basket of the index, the underlying rate, with those one-offs taken out of it, gives you the steady view of inflation. And the steady view on inflation is very steady, as those National Accounts in December showed. You see the non-farm product deflator in the National Accounts was 0.9% for the year. Can you believe that? The National Accounts in December have the broadest measure of inflation under 1% - the private consumption deflator in the National Accounts puts inflation at 1.2%. And so that's why, in calculating the underlying rate at 1.9% - that is, dis-aggregating the CPI to look at the underlying rate - is confirming those very good numbers we saw about two weeks ago in the December Quarter Accounts.

J: Do you have any concern that the Unions can push a wage claim on the strength of the headline rate?

PM: We have, I think, so much...the wage policy of the Government is working now very, very well indeed. That is, the Enterprise Bargaining is working well - there have been some terrific bargains struck. There was one in the metals this week - it might have been yesterday - a terrific bargain, and this is the sort of wage system we could have only dreamed about a few years ago. Thank you.

ends.