



## PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP  
7.30 REPORT WITH PAUL LYNEHAM  
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PL: Your battle with Dr Hewson, it's getting pretty personal isn't it?

PM: No

PL: No?

PM: No, no. It's about exposing fightback for the fraud that it is.

PL: So you don't really dislike him as much as it appears?

PM: ... and proposing Labor's program for the next four years.

PL: It is pretty personal, you call him spiteful and vindictive and wicked and all sorts of things.

PM: Well he has made a few brutal assaults on us, but that's all part and parcel of it all.

PL: Well if you're such good mates tell us about his good qualities. Has he got any?

PM: Well I am not good mates with him, but I don't have any personal problems with him.

PL: Unlike your problem with Mr Howard, for example.

PM: Well he stepped over the line, and I had to show him a lesson.

PL: So we are not to believe there is any personal animus here across the chamber.

- PM: We are fighting over things worth fighting about. He thinks we can fix the nation's troubles, he has told us, by putting a 15 per cent tax on everything we buy, and everything we use, food, clothing etc. I know that's wrong, I have been round this game a long time, around the Treasury a long time, that's wrong. What we propose is something which I think has vista, vision, which will lift recovery, employment, improve our national efficiency, and basically give Australians a real chance in the 1990s.
- PL: You said today that Dr Hewson's Fightback package was already finished, sinking in the water. I mean, I would have thought the latest polls were saying it was about neck and neck, with roughly a quarter of the population waiting to see.
- PM: Forget the polls, there has been a sea change here this week. The Government in two weeks of Question Time and the Treasury and its analysis of the Fightback Package - it's basically holed, it's taking in water and it is sinking. Now Dr Hewson had two days notice, he had the National Press Club to come back and rebut the Treasury's findings, that 4 out of 5 tax payers will be worse off, and 7 families out of 10, 7 households will be worse off. He couldn't, he didn't, and we found today in the Financial Review, "Hewson vows to top up the tax cuts". From what was just the be all and end all with Fightback is now gone.
- PL: To be fair, it wasn't the be all and end all. I can show you quotes of his some weeks ago, where he was saying those tax cuts were merely an indication of where he was going.
- PM: Look, basically he knows that he has been caught out. He was trying to say that this was a great package for business. He spent \$6 billion cutting payroll tax and \$6 billion removing petrol tax, which is largely paid by business. If you are going to transfer that to business where does it come from? It comes from households, and the Treasury had the temerity to point this out, that most households will be worse off. So straight away the be all end all program is now back to being, hang on don't worry, I will top it up with more tax cuts, I will find more money, it doesn't matter if I blow the Budget deficit, I will buy my way back to power. In other words the great stitched together, knitted together, tight little package, is basically in bits, and he had a chance to defend it, to attack the Treasury analysis and he couldn't, and to beat off the Government. He couldn't do either.
- PL: But look, you can still make fine tuning to your proposals, you have got the August Budget, perhaps even a small statement in the new year before the election, and you're not going to take those chances, to tweak it up a bit here and there?

- PM: But I have never said that this was the be all and end all, this was the package which will change all.
- PL: But neither has he.
- PM: Yes he has, now come on Paul, yes he has. The Fightback was presented as a package of reform for Australia. In reality it was an excuse for a tax, a very nasty, very large consumption tax on food, clothing and services. It was a transfer of wealth to business and the high paid. That's what it was. It has been exposed for what it is by the Government and the Treasury, he has no comeback to it and now his only comeback is don't worry I will conjure up a new trick. Fightback mark I is dead, that's now throwback, dieback, Fightback mark II will be unveiled as the electoral pressure comes on. I mean the question is what will Dr Hewson do to buy his way to office, how much damage to the national economy and fiscal policy will he undertake?
- PL: Haven't you appeared, though, to have made a tactical blunder with your proposed tax cuts by appearing to neglect those earning less than \$20,000 a year?
- PM: Oh come on Paul look, when I became Treasurer the lowest rate of tax on low incomes was 30 per cent.
- PL: Yes, but that's all history now.
- PM: No, it is not history. It has to be paid for, and it is paid for every year, it's now 20 per cent, it was reduced by 33 1/3 per cent, the lowest tax rate. At the same time we introduced a family allowance supplement, which is a tremendous boost to low income families, at the same time we are supporting a national wage adjustment, still, for the low paid.
- PL: Yes, but that is not the tax system.
- PM: Dr Hewson is now saying, he won't have a national wage adjustment for the low paid, and he is now looking at his tax cuts under \$20,000 which don't even cover the cost of the consumption tax.
- PL: But why should people on \$30,000 get a tax cut and not people on \$20,000?
- PM: Because the people below \$20,000 got tax cuts all the way through the '80s, when people above \$20,000 and between \$40,000 didn't get as large a tax cut.
- PL: And you have still got the Budget and the Statement next year perhaps.

- PM: And in the 'One Nation' Package a tremendous fillip for families and another \$250 million for the family allowance supplement.
- PL: Twice today you seemed to duck the question of whether you will give back the proceeds of bracket creep from now on. Any chance of a direct answer on that?
- PM: Absolutely, this Government has given back more than the proceeds of bracket creep, that's the impact of inflation on the tax system, over the course of its Government and it will again.
- PL: And it will again?
- PM: And it will again. But it won't be doing it with any automaticity, it will be doing it as we say in the 'One Nation' Package in 1994-95 and 1995-96. In other words we will return to tax payers the impact of inflation, even low inflation on the tax system.
- PL: Look, if you are really so confident, and Fightback, you betray the Opposition as, what was your phrase, handcuffed to the black box while the Exocet missile came down.
- PM: Well Dr Hewson basically handcuffed them all to this thing. A lot of them didn't like it you know, they were very worried about it. It's blown up, they all know, look around these corridors, in the Parliamentary corridors, they know it's as dead as a doornail.
- PL: Look, if you're on such strong ground why not accept their challenge instead of just having the Wills by-election, have a general election?
- PM: But why should we short-change the public with a short Parliament, a Parliament which we fought over in 1990 and where the Government secured a majority, where the public expect you to run your full term, where the Government should go on governing, why would I recommend to the Governor-General that we dissolve this Parliament - to do what?
- PL: So in the public interest, reluctantly relinquishing what you see as a winning position?
- PM: Dr Hewson and his party came second at the last election, and the price of coming second is that you wait for the next one. The next one is about 15 months from now.
- PL: The republican issue, when you raised it were you aware that within a few days that Saulwick poll would come out showing 57 per cent of Australians in favour of a Republic?

- PM: I never raised a republican issue, I talked about Australians having a confident position about themselves, about our independence.
- PL: You gave the Poms a good kicking didn't you?
- PM: Well, with the point in mind, of saying to some of the Anglifiers in Australia, some of the people here who present themselves, I mean, less confident Australians who seek to lead the nation and call the tune for our destiny, who still want to attach themselves to something, which is now finished for Australia, that is an old relationship with Britain, where Britain had the cultural and political hand in the relationship - it is over.
- PL: Well should we be a Republic Prime Minister?
- PM: Well, I am not certain of that, I think we probably will eventually. When that will be Paul, I don't know.
- PL: Well ALP policy is a referendum aimed at the year 2001.
- PM: Look, I was certainly not arguing that case, but the fact of the matter is, I do certainly argue that we should be whole-hearted Australians and not half-hearted Australians. Not forelock tuggers to anybody, and certainly not tugging the forelock while trying to present themselves as leaders of the '90s.
- PL: And an independent, confident nation forging those links in with Asia, that's the scenario isn't it?
- PM: Exactly.
- PL: But we are not really part of the Asian club are we? Do you think we ever will be?
- PM: Well we have got 73 per cent of our exports going there, and 67 per cent of our imports. That makes us pretty much part of the club.
- PL: Yes, but we are different aren't we, we are not really in the middle of it are we, we are just sort of that funny mob down the bottom of the map?
- PM: Well no-one is in the middle of it, the middle of it is the Pacific Ocean basically. The Asia-Pacific is a basin, we are around it, the same as everybody else, and we are having our share of that growth, and we are becoming a competitive country, an open competitive country, and the increments to wealth, and employment, living standards which can come from that trade, are obviously coming from the Asia-Pacific. I mean the days when most our trade was with Europe or with Britain are gone.

PL: And finally, in terms of the fine art of Parliamentary debate, what does burble, burble, burble mean?

PM: Things worth fighting about are worth exposing the issues on, There is a contest for ideas in this Parliament between a package which basically puts a heavy tax on people's way of life. Well let me just make this clear, Dr Hewson was saying in a barrage that there was a conspiracy between the Treasury, the Government, the ABC, and I was simply making the point that it was gibberish. If you can think in a second what the physical manifestation of gibberish is and do better, good on you, but that's what I was trying to say. To say of our national broadcast, that it has sold out to the Labor Party, to say of the Treasury that it has been operated for and by the Government is of course a dastedly attack upon those institutions and I was saying so. And to say, if you want to defend your package, defend your package, but don't shoot the messenger, Dr Hewson.

PL: That's all we have got time for, thanks a lot.

ENDS