



## PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP  
7:30 REPORT WITH PAUL LYNEHAN, MAY 11 1992

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PL: Prime Minister, thanks for joining us again. The blow out in the budget deficit, if a Coalition government had done this you'd be screaming for their blood wouldn't you?

PM: No, the blow out is not because of an expenditure blow out, it is because receipts have fallen and the receipts have fallen largely because of our success on inflation, lower interest payments in the economy and also because certain categories of provisional tax payers are assessing themselves with lower returns.

PL: But how come this has only emerged over the last ten weeks?

PM: Because this is within the time frame that the Australian Tax Office can make a judgement about receipts at this time of the budgetary cycle.

PL: And we're not entitled to wonder if your forecasters are really worth feeding with this sort of performance?

PM: Well it's always better to have the forecasts on receipts obviously right than not right.

PL: This is very wrong with respect.

PM: It's a two billion extra financing task, but part of the reason is the better than expected inflation performance. The low inflation which is, of course, an enormous bull point for Australia.

PL: And surely the low economic activity.

PM: Yes, but hang on, but breaking that inflationary cycle of 20 years, one of the first impacts of that, even though its a beneficial force, one of the first impacts is actually on receipts in the budget.

- PL: Peter Reith says higher interest rates are just around the corner.
- PM: Just when the lowest interest rates in 20 years just came around the corner last Thursday. On these things Dr Hewson and Mr Reith are the doom sayers, they're both saying today interest rates are rising - they are at their lowest level in 20 years. Last week we took interest rates down to 6 and 1/2 per cent.
- PL: Yes, but what goes down goes up.
- PM: But it's not going to go up because of this. It's a two billion extra financing on the Commonwealth's debt. The Commonwealth's debt is one of the lowest of the developed countries - its 16 per cent of GDP.
- PL: But what else in 'One Nation' should we now have a second look at. What other forecasts there were dodgy?
- PM: This is the Budget. It's not to do with 'One Nation'.
- PL: But you told us in 'One Nation' you said 6.8 billion deficit.
- PM: That's a forecast for the budgetary outcome. 'One Nation' is a package of measures to re-start the economy and today we had a Heads of Government meeting, a most successful meeting of the Commonwealth and the States for the implementation of the 'One Nation' measures and there was more decisions taken at that meeting, from that package of measures than one used to see under Coalition governments, more progress there than you'd see in 10 years of normal progress around Canberra from Coalition governments. Such things as adopting the elements of an electricity grid, separating power generation from distribution - a milestone change, a milestone acceptance by States establishing a new Council of Australian Governments today.
- PL: How will that work, this Council of Australian Governments?
- PM: It will mean that instead of just the Financial Premiers Conference every June, the Premiers Conference and Loan Council, we've now got another body to discuss national agenda issues such as electricity, such as Technical and Further Education.
- PL: And railways and roads?
- PM: Yes, railways and roads that's right.
- PL: Getting back to your budget problem, you haven't got much room to manoeuvre in August have you, or indeed at any time between now and the next election - you're

locked in as tight as a drum aren't you? Politically locked in too.

PM: The budget deficit is larger than we forecast but it will still come in under 3 per cent of GDP.

PL: But you've given away the opportunity for any more goodies haven't you?

PM: Well we're not intending to be in the goody business. The 'One Nation' statement was about rebuilding the rail network, getting the roads program moving again and the progress reports we are getting from Premiers today on that package is very, very satisfactory.

PL: Given the fact that your receipts of tax are down so much now, given the fact that the first instalment of those tax cuts you've promised if you win the next election will be coming in in July 1994, can we still afford those?

PM: Absolutely. I had the pleasure of presiding over 6 marks of the Accord and under 4 of those we provided tax cuts and they were always provided on time as we said and they will be again. I know Dr Hewson is running around saying oh now this is all off, take no notice of him, he's now trying to grab at straws. It's been a good news couple of weeks, low inflation, low interest rates, the good news is nearly suffocating him, it's more than he can stand.

PL: When do you think there will be a submission before Cabinet on the flag, what's the timing of that at the moment?

PM: The issues I'm on at the moment are jobs and the economy and growth and this meeting of Heads of Government today is about driving home all of those 'One Nation' packages and including Technical and Further Education, we're determined that kids are not going to come cascading out of secondary education, those that can't get into university cascading into milkbars and to railways stations and to shopping mall plazas, we want them taken up in vocational education and we're moving today to create those things and it is to those things I've got the principal focus not the matter you just mentioned - the flag or similar matters.

PL: Have you been told you'd be wise to play that one on the back burner for a while? You clearly don't want to talk about it tonight.

PM: No, but it's not on the top of my priorities, I'm entitled to say to you, I've just come within an hour from one of the most successful meetings of Premiers and the Commonwealth I think I've attended.

- PL: But we haven't had a chance to speak to you for a few weeks, there's been a few things bubbling around. You said about the flag that you would take very much into account the will of the people.
- PM: Yes.
- PL: 81 per cent of the people in one poll I saw recently said they want a referendum on this.
- PM: That could be true and they may well get one.
- PL: May well get one?
- PM: Yes, but we'll have Cabinet consider the matter in due course. Again, issues are ranked. We have the happy knack, I hope, of ranking issues appropriately and the big ranking for us at the moment is getting the economy going. We are in a recovery now, consolidating that recovery, pushing those low interest rates through and getting all these 'One Nation' things into place.
- PL: On the design, do you favour the idea, just personally, of throwing it open to a national competition or commissioning a group of designers to it?
- PM: Paul, it is just not worth my while to discuss those issues with you. That's something that the Cabinet will have to consider. But, again, I can't tell the media its priorities, but I will just remind you an hour ago I was attending one of the most successful meetings of the Commonwealth and the States we've probably ever held.
- PL: And a few days ago you were advised to play down the flag issue a bit.
- PM: You're sort of waving the flag and asking what the designs are - it's a very interesting subject and an important one about how we represent ourselves but there are other important things too.
- PL: Let's try another important issue. Have you spoken to Graham Richardson recently to try to ensure that there is no more embarrassing revelations in store for the Governments?
- PM: I spoke to him over the weekend, yes.
- PL: Are you happy?
- PM: Yes and from what he has told me it is as I said to the Parliament - a relative of his had difficulty, he intervened to see whether this person could come back to Australia to prepare their defence - it's as simple as that.

PL: Now I know he has not been well, but are you at all concerned about his grasp of detail and his memory over this incident?

PM: He has done pretty well through all the years of travails of public life.

PL: He wouldn't win Pick-a-Box at the moment though would he on his recent performance?

PM: The Opposition is on to it because they had the most shocking week in Parliament you can imagine. The conversation now is that the Opposition front bench is concerned about the GST, they can't market it, Dr Hewson's lost control of the House of Representatives, the Government seized that back and now we're seeing the familiar behaviour, the mafia claims of a couple of weeks ago chasing Senator Richardson down about relatives and phone calls. Where does that rank with putting a new vocational education system in place like today? Where does it rank with the separation of power generation from distribution?

[PL: Are you fully and absolutely satisfied with Senator Richardson's integrity?]

PM: They are the things and the low interest rates and the low inflation are driving Dr Hewson batty. The good news and he can't stand it so he's out there chasing Senator Richardson.

PL: Are you fully satisfied with Graham Richardson's integrity in regard to this matter.

PM: Yes.

PL: But you'd hardly be thanking him though for the way its been handled would you?

PM: I think, with these things, if they receive notoriety it means they can and should be handled better.

PL: A lot of people are talking about it across the country.

PM: I don't know, a lot of journalists are talking about it I don't think it's a heart stopper out there.

PL: How much damage do you think it has done to the Government?

PM: If there are any negatives to it, it camouflages the fact that the Opposition leader and his Party had a woeful week in Parliament. Our front bench hammered them into the ground like tent stakes on inflation, interest rates, superannuation and a whole range of issues and by Thursday they were looking very, very poorly. This issue as it turned out arose and they

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seized upon it and given the fact that this sort of stuff is the stock and trade of the Canberra scene they know they'd get at least a weekends run out of it. Well, we'll be there waiting for them when they turn up again.

PL: Paul Keating, thanks for your time.

PM: Good, thank you Paul.

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