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PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP,
DOORSTOP, COLLINGWOOD FOOTBALL CLUB, 24 AUGUST 1992**

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J: Mr Keating, is this the first of many regular occurrences in the State election campaign by you?

PM: Well, there will be many and they will be regular, probably, yes.

J: How often to you intend on coming here?

PM: Well, I don't know, I haven't got the itinerary straight out of my pocket, but short of that it will be a few.

J: Do you believe you're an asset in the Victorian election?

PM: Well the national economy is on the rise, we saw that with the National Accounts a week or so ago. We've just brought down a Budget which I think most Victorians should feel happy with. I mean, we're expanding the public sector at the moment, we're expanding spending, we're lifting spending on pensions and Medicare and jobs, in particular. Our opponent, Dr Hewson, wants to cut the Budget by \$7 billion, so he will send the recovery into a flat spin. It would go down and of course Victorians would hurt as a result.

J: Are you worried about being associated with Victorian Labor, which is historically unpopular at the moment?

PM: Well I'm happy to be here, I can answer that.

J: But do you think the Victorian Labor Party deserves a full term in Government?

PM: Yes I do, of course I do.

- J: The Victorian economy is not going very well at the moment, and the Government is rather tarnished. Are you worried that this may have some rub off on your image?
- PM: The fact of the matter is this election will come and go long before a Federal election, so I'm pleased to be involved. But most particularly pleased to be in Victoria propagating Labor's message.
- J: So this election is suitably distant from your going to the polls.
- PM: No, no, you're seeking to make an implication that this will have some sort of implication for the Federal election. Well, ipso facto it can't because it's separated.
- J: Mr Keating, ... taxes.
- PM: Well, we're the people who are offering tax cuts in 1995-96 without a consumption tax, and we went out of our way to make it clear that fiscal policy could afford those tax cuts to be paid. On the other hand, Dr Hewson can only provide tax cuts with a consumption tax. We're offering exactly the same tax cuts, same rate - 30 per cent at \$20,500, no consumption tax. He is saying 30 per cent at \$20,500 with a consumption tax.
- J: Well why would the explanation of the withholding tax only become clear today?
- PM: No, the thing is these are measures which we may not need to adopt, or only some thereof. It just depends on how fiscal policy is. But I just make this point, whatever point fiscal policy may be at in 1995-96, whatever things the Government may need to do to make fiscal policy tighter in 1995-96, so too does the Opposition. So, Dr Hewson has a \$10 billion funding task for his tax cuts which he says he'll cut from public spending. You can just imagine how Commonwealth outlays, particularly in the social area, will look with a \$10 billion cut, and he's got to find another couple of billion for the starting point because whatever is our starting point, would he win an election it would be his starting point as well. So how is he going to find a couple of billion?
- J: You have told us how you are going to make a decision whether the adoptions are needed by the time of the election. Is that practical? Surely you won't know that until 1994 or '5 or whatever.
- PM: We can make the details of it clear at any time that suits us. But again, we've taken a conservative approach, that is we want fiscal policy to be tight. The Opposition is urging, also having a tight fiscal policy so if it doesn't like these measures, what measures does it have in its back pocket, that Dr Hewson and Mr Reith have not told us about, where they will reign in fiscal policy in 1995-96?

I mean, it's not good enough for them to say look, this is the Government trying to tighten up the Budget for 1995-96 with tax cuts, and say we don't have to do it. Well of course they have to do it.

J: How will you be in a position to judge by the time of the next election whether you want to keep these options on the table?

PM: Well, look we have the option of explaining what they would be in the event of us adopting them.

J: But if it's appropriate to be conservative this year in your forecasting, why not next year?

PM: Because, well the conservatism is in the fact that we want ... what we're making clear to everybody is we are determined to pay these tax cuts, that they'll be paid without a consumption tax. But at the same we want fiscal policy in good shape, we want the Budget in good shape. So what we've contemplated here, what we've flagged here is tidying up basically existing taxes, existing compliance measures.

J: (inaudible)

PM: Well, I'm not here to be ...

J: Are you annoyed about the political advantage the Opposition seems to have gained in the post-Budget period particularly over their campaign on secret tax which have only been explained today?

PM: The thing is, if it was secret you wouldn't know about it would you? Ipso facto if they were secret you wouldn't know about them. They are not secret because they are in the Budget papers. Now it's not for you to be parroting the Opposition's mindless phrases. They were written in the last paragraph of one of the relevant text from the Budget, I mean it's been quite clear. But the point about it is this, people don't seem to understand this point, the consumption tax will equal half the revenue of the current income tax - half; 15 per cent on food and clothing and services is actually in terms of revenue half of the current income tax. Dr Hewson wants to put a tax equal to half of the current income tax into place and at the same time still then have to cut \$10 billion out of social security, health and education to pay tax cuts. We're doing none of those things, we're saying we can afford a 30 per cent tax rate, cutting the middle incomes without a consumption tax, but we'll need to do a few sensible house keeping things to make it happen.

J: Mr Keating, if you want to keep fiscal policy tight, does that mean you're prepared to loosen monetary policy to boost the economy if it looks like it needs boosting?

PM: Well we've been loosening, haven't you noticed? We've been loosening monetary policy on 13 consecutive occasions since January 1990. Rates are now, let me

remind you, 5.75 per cent for 90 day bills, or haven't you heard? They are down from 18.5.

J: Can they go lower?

PM: Here we go, there's one in every group, isn't there. You know, doorstep monetary policy. OK, well if they can I won't be telling you.

J: Why not?

PM: Because you're not entitled to know at a doorstep.

J: Mr Keating, what chance do you give Mrs Kimer at winning this election given the polls?

PM: Well look, I think the alternative with this sort of mindless, ideological, sort of heartlessness of the current Liberal Party, where nothing matters only but the market, nothing matters where rich people, other than to allow rich people to succeed, where we now throw the rights and protection of workers via awards, holiday pay, sick leave, all the rest, out the door. I think a lot of Victorians will start to think twice about that sort of policy approach. And given the fact that they saw Dr Hewson's rabid, almost frothing, uncontrolled Budget reply last Thursday night, which had no substance and was all about ideological rantings, I'm sure a lot of people are quite frightened of him. And they ought to be.

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