



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING, MP
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PM: Today John Hewson announced that he is going to exempt food from the taxation under the GST. I've got one simple message for Australians and that is, you can't believe him. He'll put the tax on the moment he wins an election. He'll do to the nation just what Jeff Kennett has done to Victoria – say one thing before the election and do another thing later. Today he says in the newspapers 'in my own analysis it was fair to do what I planned'. In other words he is saying, I am changing the policy, but I haven't changed my mind. It would be as easy as simply one press announcement to rely upon those words today, in office, to say he's reconsidered and the tax on food is to again, to apply. The fact of the matter is Dr Hewson has removed this only because of pressure from his own party. He removed it under pressure from the Federal Director of the Liberal party, Mr Robb, and the State Director of Victoria, Mr Georgio.

He has not done it because he thinks it is the right thing to do, in fact he thinks it is the wrong thing to do. It's a political strategy, it's not a policy change, it's not a policy test that he's applied in removing his wish to tax food under a GST, it's a political test and the moment he thinks he could politically succeed in levying the GST on food he would.

J: Isn't the danger though that the political strategy might work and he might win back some voters that he's lost because they think he's ...

PM: Food is just a small part of his total policy mix and the GST will still apply to all sorts of services – to theatres, to dry cleaning, to hair cuts, to water rates, to just about every service in the economy – clothing. The fact is this is just part and, of course, there's the rest of the draconian policy. But he

said two days after announcing what is the most spectacular flip over in Australian politics, where he said he would resign before he had to introduce these changes, he had this to say in Perth on radio: 'I'm not just going to give a knee jerk reaction and respond to pressure because a lot of the trouble we're in today as a nation is because political leaders over the last couple of decades have just bent to every breeze and problems have grown and been allowed to drift and never been dealt with because it was politically expedient not to bother, but to try and fool people'. Now he said this two days after he's abandoned the most solemn commitments he's made, saying he would resign first before he would change.

And in his press statement on food, on October 9 he said 'the argument that food should not be taxed simply doesn't stand up' and he went on to say 'excluding food would mean raising the GST on all other products in order to maintain the revenue'. In other words he's told us that if you take food out, the rate of tax on the rest of the products would have to be increased.

These are the extravagant commitments he made in respect of food, he's now abandoned this. So, given the fact that he's told us today that he still believes he's right - he says 'in my own analysis, it was fair to do what I planned', in other words it was fair to tax food - given the fact that he said that today, you'd have to believe in fairies at the bottom of the garden to believe that if he won an election he wouldn't tax food. This change is a politically different change, he would abandon it at the first opportunity.

J: If he did that though Prime Minister, wouldn't it make the public reaction national, make what happened to Kennett in Victoria look like child's play? Would any politician dare risk something like this?

PM: I think Dr Hewson would, if he won office, because he has risked now the most amazing change to his stated position and his policy which he's had for a year - I will never change, I'll resign - he's just thrown it all away. But what he is saying is I'm right about it though, I'm changing my policy, but I'm not changing my mind. I say, once he wins an election he will put the GST on food. This is a guy that would just drive on with the changes he wants to make, wilfully put that GST in if it kills him. And if he wins an election, every Australian ought to know - if they believe him, they'll believe anything. Every Australian ought to know this man will tax everything they eat, everything they dress in and every service they consume.

J: Prime Minister, will the Democrats' move in the Senate in any way imperil your own announced program of tax cuts?

PM: I don't think so, we have the normal huffing and puffing from the Democrats, but there we are.

J: Mr Keating, will you bring back Parliament after Dr Hewson's statement to make a reply?

PM: At this stage, we are run by the Parliamentary business load, and I don't quite know where that is.

J: Dr Hewson's plan to take away those tax cuts for high income earners, doesn't that take the wind out of your sails a bit?

PM: We weren't proposing ...

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