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PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP
DOORSTOP, TURRAMURRA, SYDNEY, FRIDAY, 27 AUGUST, 1993

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J: Morning, Prime Minister. What ground are you prepared to give on the Budget to appease the union movement?

PM: Well, look, the Budget is like many other things I think the Government has done over the years, and that is, that we want to meet a set of objectives, at the same time where we think that there are real problems with some of the measures, we can see in which way they may be amended or varied, provided that the strategy and the substance of the Government's fiscal policy is there. I mean, remember this, that the Government had a mandate to reduce marginal rates of taxation, secured a mandate for that, and also to bring the Budget deficit down. Now people are entitled to have their views about how that might best be done, and Governments listen, generally, we do listen to people. Now in the middle 1980s when I introduced many tax changes, I varied many of them, but kept the sense them ... things like tax on motor cars, or the way the fringe benefits tax operated or many other things. Provided that they are sensible then the Government will consider them.

J: Are they sensible, the demands they are making?

PM: Well, I mean, again it is a matter of some are, and some may not, be consistent with our strategy. But the Government has a commitment to bring the Budget deficit down for the good of the whole country, and at the same time reduce marginal rates of taxation. Now I am sure we can meet all these objectives, it is only a matter, I think, of having some sense about it. It is because of the sort of balance of numbers in the Senate that this year these kind of changes have taken on a bigger moment than they would have in other years. That doesn't mean they are less legitimate.

J: (Inaudible)

PM: The Labor Council of NSW is entitled to its view about these things, but the best way to deal with the Government in the Accord is to deal with it persuasively. And that is, talk to us in private and not in public.

J: Is this union revolt threatening the Accord?

PM: No.

J: Does the ACTUs opposition to the Budget reforms make it more likely the Government will compromise with the Democrats?

PM: No. Let me just make this clear. Now look, Senator Kernot is the leader of a minor party in the Senate, she is entitled to a view. But the Government will be governing. I mean we will talk to the Democrats as we are talking to other organisations and bodies. And we will, a week has gone by now, get the gist of peoples objections and try and understand them. And to see in which ways we can redesign some of the changes so that the sense and integrity of the Budget is there. So the Democrats will be dealt with, appropriately and sensibly. But again, it will be the Government deciding about its budget as Governments should.

J: Mr Keating, the Democrats do seem to be a force to be reckoned with over the budget. In your view, are they?

PM: Not in all the years that I have been a Minister did the Government have control of the Senate. And it was my job to pilot many other changes through the Senate, and with the Democrats of those days. And it is like everything else, I mean, we will get there.

J: Mr Keating, isn't it time for a wholesale change to the Budget given that it has been attacked from so many quarters, and within the Labor Party?

PM: That is just another way of asking what other people have asked. No, the government has got a mandate to reduce the Budget deficit and reduce the incidence of tax. I mean people need to remember that we are talking about people between \$20,000 and \$50,000. With the bulk of the people around \$25,000-35,000. Now despite what Senator Kernot says these people are not wealthy people, this is absolutely middle Australia and that's why I think the commitments which we have given them on tax are important. But why again, we want to govern sensibly so that when these changes are in and fiscal policy is improved so that we can see more employment, we will try and get the balances right.

J: What does it say about the power of the Democrats though? Until Wednesday you were saying that the budget was pretty much non-negotiable, now you are negotiating?

PM: Well I don't think that a Government should ever say, well the moment someone first raises one note of criticism, ok, we will go and change things. But again, we have always has negotiations in the Senate in some of the measures, always.

J: But do you think they do have a renewed power at the moment?

PM: No, no I don't. I mean they have got minor party status in the Senate and they will be dealt with appropriately, courteously by us.

J: Can you just explain something of the split which is developing between the union movement and the Government?

PM: Well I don't think there is a split developing. It is just the fact that on this occasion people have been more vocal, perhaps than past. And they think because there is a view by some Senators that they have common ground on some of these things, that they can perhaps more noisily put their point of view.

J: Does it worry you that Michael Easson has written to Senator Kernot and Brian Harradine and called on them to reject certain aspects of the budget?

PM: Well I think evoking the Senate to use its powers against the Government and the House of Representatives is a very un-Labor like thing to do. And I don't think that he should be doing that. But that is not to say that he is not entitled to a point of view and that point of view may coincide with other peoples point of view.

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