



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP INTERVIEW WITH DEAN BANKS, RADIO 3AW, 11 MAY 1994

DB: Prime Minister, thanks for joining us.

PM: Pleasure, Dean, nice to be here.

DB: I believe this is a first for your office?

PM: Yes, this is right from the...well, it is not an oval office, it is a square office, a rectangular office, but it is a first.

DB: Well if it is not the oval office, then no new taxes is probably the message from the Budget.

PM: Well, no new taxes, strong growth, strong employment. 4.5 per cent growth over a quarter of a million new jobs in the course of the year. As you say, no new taxes, and a deficit which takes us down, as we said, to that 1 per cent of GDP by 1996-97. So, it is one that sets the whole country up to grow with low inflation throughout the 90s.

DB: You have been involved with, what, eleven Budgets and mini statements and economic statements and so on. How many does that total over the years?

PM: About 21 or 22.

DB: How does this compare? I mean, when you are not there doing the driving?

PM: This is a tip top result. The measure of good housekeeping in Budgets is always to have a look at those outlays, and there we have got the outlays growing below the rate of economic growth and they are trailing down through the balance of the 90s. Which means then, of course, without resort to revenue, as there is no tax increase in the

Budget, it means the Budget balance just, sort of, churns back towards surplus.

DB: Prime Minister, your comments earlier in the week, or last week, with regard to the overseas markets, I mean in some respects are Budgets today for those overseas markets?

PM: No, I think they are for the business community, and I was very pleased at the reaction which the Government has had to the Budget from the markets, and yesterday longbonds dropped back a bit in fact. But the main thing is one of the strong elements of the Budget is business investment. We have got strong pick up in business investment and that's where the employment comes from, and that's why the key businesses here are the actual employing companies, that people actually make things and do things rather than simply trading financial securities.

DB: How dependent are they then on the banks? And is there a message here for the banks?

PM: No, I think the message for the banks is - I think it is a good message for the banks - and that is, that we are going to have an extended recovery and we are going to have it with low inflation and low inflation means, with it, interest rates kept at low levels.

DB: No concerns about what they laughingly referred to as the Gumnut twins?

PM: What are the Gumnut twins?

DB: The two Green Senators.

PM: The two Green Senators. I think they will approve of this. This, of course, consolidates the White Paper, employment changes in respect of the long term unemployed, and we have got in this Budget over ten years the Aboriginal land fund to complement Mabo, we have got \$500 million in a program over five years for Aboriginal health. There is \$63 million here over a four year period for homelessness and homeless, particularly young people. There is a \$169 million mental health program, there is a \$209 million program over four years for breast cancer, \$93 million for medical research and we put \$135 million between now and the Olympics for the preparation of our Olympic athletes, which I think is going to be a very popular program. And as well as that we boosted foreign aid in the Budget. But all with these very low outlay to GDP numbers.

DB: So, in summary, no problems with regard to the Senate like we suffered last time?

PM: No, I think the Greens and the Democrats and others would look at those things, the Aboriginal land fund, the Aboriginal health program, homelessness, a national Asian languages program, mental health, breast cancer, child immunisation et cetera, as things which very much sort of fit in their general orbit or constellation of the policy.

DB: How does the Aboriginal health funding sit with what the former Senator Richardson was talking about?

PM: Well, that was largely what he was talking about, at about these levels, which is a very big complement to the funding. And it is like all these programs, you have got to be able to live with them effectively, it is not simply a matter of money, but making sure the money can actually be spent properly and programs established. And I think we can do that here, but it is a very big increase in funding for Aboriginal health, and I think Graham Richardson, who is the Senator you are speaking of, would be very happy indeed with this outcome.

DB: Prime Minister, you have been involved in so many of these, as you mentioned, the Budgets and the Statements and so on. What is the process? Sitting at home having breakfast this morning, I mean, what goes on, and how long does this process take to put together a Budget?

PM: It generally takes about two to two and a half months of running through the outlays, most of the time is on the outlays, that is, the spending programs of the Commonwealth. And we have a core group of Ministers called the Expenditure Review Committee, and we have had it here for over ten years now. This group basically agrees to any new policy, it sets the priorities for new policy by going through the Cabinet submissions which each Minister presents. And it also decides what the savings items should be, changing the nature of policy to yield a saving and produce better program delivery. And it is because of so much intensive ministerial time, the fact that this has basically been done by the one core set of Ministers over a decade that Australia's fiscal position is so much better than most comparable countries. In fact, there is, I think, in the general OECD or Western World area, we are going to be in a very highly advantageous fiscal position. Basically, because of that intensive ministerial work.

DB: I can remember when I was a kid growing up in this country, the comment would be made when a Menzies Budget came out, "Oh well there's no tax benefits in this one," and that was about all that we talked about.

PM: Well, they were prepared by the Bureaucracy in those days. I mean the Treasury would write a speech and the Treasurer would stand up and read it out. But that all changed in 1983 when the Ministers ran, from then, the Ministers have run the Government. And now the bureaucracy works for the Government and works for the Cabinet, and

because there is so much authority vested in Ministers, if Ministers actually get off their tail and do things, and take responsibility and make decisions you can kick along, in a very big way, the prospects of any country. And that's what has happened here. Ministers now have tremendous program knowledge so that in a sense, they have almost, in many cases, well, not almost, but in many cases superior knowledge than bureaucrats because many Ministers have actually managed program .. longer than some of the bureaucrats in their area. But as well as that they have the authority to change things, so they become very effective and that's why fiscal policy, or budgetary policy in Australia is the product of the Government and not simply just a Treasury document which the Treasurer politely reads out.

DB: What about the state of Victoria, the City of Melbourne, is there in the Budget Papers, are the funding messages there for us with regard to roads programs and some of the other majors which were talked about some time ago?

PM: Well, the big one, I think, was the one I announced a week ago in the White Paper, and that is the main tunnel. We are looking at feasibilities on that to see whether it is possible to build that, which I think would do a lot for the city of Melbourne. The other big change we announced was the process of sale which was announced in the Budget last night in respect of the Airports, and that would include over time, Tullamarine Airport, which would then be privately owned and able to be expanded. We have got the infrastructure bonds which I announced in the White Paper a week ago, and that gives us the capacity, or anyone, particularly Victoria. Say if they want to build a light train service from Tullamarine to Melbourne, infrastructure bonds could fund that, because we have made them much more attractive to low taxed institutions like super funds. So, there is a lot there, I think, for Victoria, but the main thing there, is growth and jobs. We have had a quarter of a million job growth in the last year and we will have a quarter of a million job growth in the coming year.

DB: All right, and those tax cuts as promised, still on track?

PM: Well we have provided the first round of tax cuts. Let me take this opportunity, Dean, just to make these points. Governments go to elections and they make commitments and people say, "Oh yeah, yeah, where are they." Well, the tax cuts were paid, the first tranche of tax cuts were paid late last year, and that has made a big difference to demand in the economy. We have had the Mabo legislation which we campaigned on in the election campaign established through a long consultative process, and introduced. I said in the election campaign we wouldn't leave the unemployed behind, and the White Paper is a mammoth attempt to actually case manage all of those people personally who have been unemployed over 12 months or more, intensively if they are over 18 months unemployment and intensively if they are under 18 years of age. So that commitment is there. The

commitment to the Aboriginal land fund, to Aboriginal health, the Governments broad thrust of its election commitments, will now, as a result of the White Paper and this Budget, be put into place.

DB: And did you enjoy the party last night?

PM: The party here is what we call in the public sector, the psychic income because a lot of the people in the bureaucracy, the public sector is not highly remunerated as parts of the private sector are. People like to think good policy and doing good works. The reward is some psychic income. So, you can always tell. I mean, last week we had the White Paper and I met the people in our bureaucracies, Department of Social Security and Employment Education and Training and Prime Minister and Cabinet and Finance, and the various departments, you could feel the great pride that people had in doing what was not something just novel in Australian terms but in world terms, and similarly with the Treasury Offices and Finance and some of the other control departments in respect of the Budget. You can feel, again, a good job has been done. It is a very nice feeling and gives all the Ministers, I think, a lot of pride.

DB: Good of you to give us that time, and maybe when you are next in town you will come back to the building that you opened years ago?

PM: That's right, I remember that well. It is good it has been kept in the business in the stream of radio. There we are, and they bought it for a song as well, which was an even greater joy for the management. Well, in this recovery there will be plenty of profits including radio profits.

DB: Let's hope so, nice to talk to you. Prime Minister just one final question, not associated with the Budget, but we are doing a broadcast on D-Day from Britain. Can I simply just ask you are you looking forward to going and participating?

PM: Well, I am looking forward to it. Of course, D-Day was the largest amphibious operation ever mounted and was a turning point in the battle for Europe, and that of course was the battle for liberty in the world. And the fight against nazism and fascism. I think about 2,600 Australians took part in the invasion of Normandy, mainly members of the RAAF but also naval and army personnel. So, along with other Heads of State and Government and from other allied countries I will be very pleased to take part in the commemoration ceremonies at Portsmouth, and then after crossing the channel at Normandy.

DB: And maybe there is a chance we can catch up during that broadcast from London.

PM: I look forward to it.