



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
INTERVIEW WITH NEIL MERCER, *TODAY TONIGHT*, CHANNEL 7
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NM: Prime Minister, welcome to the program.

PM: Thank you Neil.

NM: Do you accept that in many ways, this Budget is a critical test of your own personal credibility?

PM: I don't think that is right at all. I was re-hired by the nation in 1993, to re-start growth and employment - and that is exactly what we have done.

NM: And the promised tax cuts of course, which you haven't delivered, Prime Minister?

PM: No - that's not right Neil. They were paid...the first round was paid - \$20 a week probably doesn't mean much to you, Neil - but it was paid at the end of 1993.....

NM: The second round has been paid?

PM: ...the second round - \$4000 million of it - is going to be paid into superannuation accounts. Now, let's take the two issues: on growth, we have had the fastest growing Western world economy since the election. On employment, we have had the largest fall in unemployment in our history. On inflation, we are down to between 2% and 3%. We have paid the first round of tax cuts, and now - on the second round - we are paying into people's superannuation accounts so that every Australian working person will have what they have never had before, and that is a massive pool of savings for them in retirement. And the country will end up with a massive pool of savings to relieve our call on overseas debt.

NM: But Prime Minister, they won't have that \$10 or \$15 in the hand - as you promised. They will have something in 20 or 30 years time.

PM: Understand this - in 1993 the Government suspended the second round of the tax cuts, and we said "we would bring them back, probably in 1998"....

NM: What I'm putting to you is that....

PM: ...do you recall that?

NM: What I am putting to you, Prime Minister, is that a lot of people are now very cynical, given that promise....you see, that promise has been broken.

PM: Mr Howard has been running around saying that all day...

NM: ...he's been saying that you are dishonest and a liar.

PM: Let me tell you this - he was Treasurer in the 1977 election and promised tax cuts, and he then took them away 5 months later and he got in these headlines "Lies, lies, lies" - do you remember that?

NM: I do indeed, Prime Minister. A lot of people would say that headline applies to you today.

PM: How could they? Neil, don't be ridiculous - if we are paying \$4000 million off the Budget - \$4000 million off the Budget - who do you think we are paying it to? To Martians?

NM: John Howard says...

PM: No. Come on - you answer me.

NM: John Howard....

PM: Leave John Howard - you have made your little claim.

NM: No - the point I'm making is, Prime Minister, is that you promised voters 10 or 15 bucks in the hand - they will not have that when you said they would have it, and what I'm putting is that you are trying to convince people that black is white.

PM: Let me just remind you, again. In the election campaign of 1993, I couldn't get a line for the tax cuts. You know what they said to me? "Oh, come on Prime Minister - you promised those in 1992 in One Nation". You know Neil, through the election campaign I was saying to people like you "but what about the tax cuts" - "oh, come on Prime Minister, don't mention those". The tax cuts never rated a line in the

1993 election - this is all a bit of re-writing of history. But, they certainly rated a line in peoples bank-books when they were paid at the end of 1993. And let me just tell you this - you ask your viewers this question - would they rather \$10 a week in their hands, or \$15 a week, rather than this: a person on 100% of average weekly earnings - that is, someone on \$33,000 a year - will, as a consequence of last night's policy change, mean that at the end of their working life - if they start their working life and finish it 40 years later - they will end up with a parcel of \$461,000. This is a person on \$33,000 a year...

NM: We're going to ask that question, Prime Minister.

PM: ...and then they pick up an annual retirement annuity of \$30,000 a year.

NM: We are going to ask that question.

PM; \$33,000 a year.

NM: What I am putting to you - you're confident that Australians will buy that sales pitch?

PM: Neil, it's hardly a sales pitch.

NM: But it's a gamble on your part.

PM: It's not a gamble at all. What other Government would have the wit, the conscientiousness, the imagination to actually build - for the average working person - a big nest egg in retirement so that they never have to worry again about their retirement. That is, a person on \$33,000 a year goes into retirement on \$30,000 a year - not just the pension, but \$30,000 a year. That can only come from a Labor Government.

NM: Prime Minister, let's talk about families. John Howard says that the big losers in this Budget are families - Medicare levy is up, the cost of a family car is up at least \$1000, they have lost their tax cuts, and there is a 12% GST on the home - on buildings.

PM: There is not a GST on the home. This is from John Howard, who wanted to put a 15% GST on the whole of the home - that is bricks, mortar, tiles, concrete - this is an extension of the sales tax for taps, copper pipes, drill bits, pieces of plumbing. In other words, some of the products used in building - not bricks, not mortar, not concrete, not timber. But John Howard wanted to put 15% on them last year at the election.

NM: We have to wind up, Prime Minister - how do you rank this Budget in terms of Budgets that have been delivered since 1983, very quickly?

PM: It's a surplus, it takes the pressure off interest rates, it keeps growth going through the 1990s, and it delivers the biggest savings nest egg to fill the greatest savings pot-hole we have ever had.

NM: Prime Minister, thanks very much for your time.

PM: Thank you Neil.

ends.