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PRIME MINISTER

122/95

STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP

PREMIER COURT'S THREAT: A STATE INCOME TAX AND CONSUMPTION TAX - OR SECESSION

West Australian Premier Richard Court has made it clear where he stands on State Income Tax and State Consumption Tax - he wants both.

And while he was telling us he wants both, John Howard was slipping and sliding on radio in Perth pretending it wasn't his policy.

I bet he wished Mr Court had a case of lockjaw. The Premier has confirmed the Coalition's taxation policy.

The Shadow Treasurer, Peter Costello, let the cat out of the bag with his interview with *Business Review Weekly* saying he would fix the so-called "vertical fiscal imbalance" which is econo-speak for state taxes. Mr Howard and Mr Costello have been denying it since.

But Mr Howard's difficulty is that Mr Costello was quoted directly in *Business Review Weekly*.

Mr Costello said he had consulted with the conservative states - and he had. The product of this consultation was published by the Treasurer Mr Willis on Sunday - a 45-page plan by *Access Economics* commissioned by Richard Court and the other conservative States and Territories for a State income tax and a State GST.

Mr Howard is entirely conscientious at muckraking and smearing - he is not at all conscientious at producing policies.

Richard Court is so desperate to levy a State Income Tax and a State GST that he will even use the outrageous threat of secession to get his way. And Mr Howard is happy to oblige him. But not yet. He wants to win the election and then introduce State taxes on the sly. Mr Costello has said as much.

This Government will do all in its power to stop the fracturing of the uniform income taxing power of the Commonwealth.

Mr Howard wants to introduce what he couldn't at the last election - a GST. *Access Economics* did the work for the Liberal Party in 1993 with "Fightback!", and they are back again.

This time it's the same proposal, but levied by the States.

When Mr Howard says that as Prime Minister, he wouldn't permit State taxes to be levied - don't believe him.

His statements on this have about as much integrity as his muckraking efforts of the last few weeks.

CANBERRA
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