

The Great Debate: John Howard, Prime Minister (LP) and Kim Beazley, Opposition Leader (ALP)

Moderator: Ray Martin, Sixty Minutes, Channel Nine, October 14 2001

MARTIN:

Mr Howard has won the toss tonight, he's agreed to kick off the debate. Can I just ask you, something's happened Mr Howard. In the first time I can remember Australian parents don't believe that their children will be as free and as free to lead as good a life as we had. Why should you be the Prime Minister at this time?

PRIME MINISTER:

Well I think this election does take place at a very sombre time for our country and for our world. The terrible events of the 11th of September have cast a pall over the civilised world, they have forced all of us to think about what we believe in and what we stand for and they oblige the nations such as Australia with a great tradition of freedom and commitment to the rights of men and women to work with other like minded nations. It is a difficult time. It's going to make a great security challenge for the next government, it's also going to make a great economic challenge and I would argue and ask the Australian people to accept that the experience that I have had in government, the capacity that I and my colleagues have brought to the management of the economy and the affairs of this nation over the last five and half years, which have brought a respect and an esteem for Australia around the world are reasons why we should be given the responsibility of the stewardship of the nation through these very difficult times.

In the last five and half years we have restored the Australian economy. By the end of this financial year we will have repaid \$58 billion of the \$96 billion of Federal Government debt that we inherited in March of 1996. Interest rates are at their lowest for 30 years. Interest on the average housing loan is now is \$350 a month at least, lower than it what it was in 1996. We've created 830 000 new jobs, with more than double the number of apprenticeships and traineeships for young Australians. We have lifted real wages by a far more dramatic amount than did our predecessors. But beyond that, beyond those economic things, my government has tackled massively difficult and unexpected challenges, such as the need to have uniform gun control laws in the wake of the tragedy of Port Arthur. The leadership we gave to the summoning of that international coalition of nations that saved the people of East Timor, that was Australian leadership and it brought great esteem and renown around the world.

And finally in a personal sense can I say to my fellow Australians, I have had a long career in politics and the ups and downs inevitably of political life have toughened and tempered me to such a point that I now feel able, in particular, to respond to the

great challenges that this country now faces and I want to commit myself to seeing the Australian people through these very difficult security and economic challenges that face our nation because they will not easily be dealt with, they could involve sacrifice, they could involve casualties in battle and they will require the united will of all of the Australian people working with other freedom loving people around the world.

MARTIN:

Alright thanks Mr Howard, Mr Beazley why should we choose you, you've got three minutes as well.

OPPOSITION LEADER:

Well I have said at the outset of this election campaign Ray, that it's about a secure future for all Australians. Security at home and security abroad. September the 11th has changed the way we nations now think about security and what we have to do to defend ourselves. We have to stand shoulder to shoulder with George Bush and Tony Blair to root out and destroy international terrorism and we will do that and we as a Labor Government will be capable of delivering on that. Security requires more than simply that. We have to be able to defend our own borders, we have to ensure that people do not come into this country illegally and we require for that long term solutions to the problem. That means we need to have in place an effective Coast Guard. To ensure that for 52 weeks of the year we are on watch. We need more than that, we need an agreement in our neighbourhood to ensure that people who come illegally into this country are returned to where they came from. There is only one political party in this election campaign with a chance of delivering on that. Well those are the issues of security abroad as far as they affect us here at home. The secure future for all Australians demands much more than that. It goes to some long term thinking about the needs of our nation domestically. If we are to be a secure nation we have to be a clever and a creative nation. We have to have an end to the brain drain of our high skilled people overseas which is not supplanted by the quality of those coming into this country, good though many of them are. We need to have Australian ideas invented here, developed here. It means we have to encourage investment here in Australia in our future as a people. If we, it means we need a top class education system with a national government completely involved at all levels and committed to an investment program that that education system needs and a fair education system that is accessed on the basis of need not on the basis of privilege, accessed on the basis of ability, not on the basis of privilege.

We also need a health care system that can be accessed with a Medicare card not a credit card. We need confidence in our public hospitals, we need confidence in our aged care, we have got to put the care back into aged care. We have got to ensure that there are nursing home beds. There were 800 surplus when we left office, there is now a 12 000 deficit. And we need jobs and job security and security for workers' entitlements. Now we have been putting forward positive policies in all these areas. Then finally we need a Prime Minister with experience and commitment. I was for five years the Defence Minister of this nation, for eleven years a member of the National Security Committee of Cabinet, for thirteen years a Minister. All my life as been directed to this end, handling these sorts of international problems which we now confront and then it needs commitment. I am the only candidate who from day

one has committed himself to serving a full term as Prime Minister of this country and then subjecting himself to the Australian electorate after that. This is not part of a retirement plan for me, this election campaign, this is about a plan for long term service so that the policies that we are putting forward are for long term purposes. It is that sort of commitment which is required if we are going to have a secure future as Australians.

MARTIN:

Mr Howard can I come to that other question that I did ask at first, the sense of unease all over Australia. War, terrorism, Anthrax, boat people, drugs, crime. There is a sense that we are no longer in control of our lives, a sense that things have got worse. How do you change that?

PRIME MINISTER:

Well I think you have to deal with it on two fronts. You have to work with our allies and our friends to tackle the problem of terrorism. Now I was in the United States when this terrible attack occurred and the impact that it has had on me, the impact that it has had on the world is that I think about it, virtually it is the first thing when I wake up in the morning but it is also important that we see beyond the current crisis, that we draw on our strengths as a nation. That we include each other, that we reach out for each other, that we see the good in each other perhaps as never before so there are really two dimensions to it. There is the dimension of resisting and fighting and destroying terrorism and we have to play our part in that and take the risks that are involved in that. But there is also the imperative of hanging on to those values which are under assault by the terrorists. The terrorists win if we abandon the policy of inclusion and freedom and decency. The terrorists will be defeated if we hang onto our essential Australian mateship, we treat each other decently and we work with our friends and our allies around the world to make certain that we work this out. Look we are an optimistic people. Australians have great capacity to pull together in adversity, it is one of the greatest things we have, our egalitarian sense of mateship gives us that character, almost above all other people, that capacity to pull together in adversity so if there is a nation on earth that is better equipped than most to handle this adversity it is the Australian nation.

MARTIN:

Can I ask you Mr Beazley, will we have as Australians, will we ever feel safe again in aeroplanes and tall buildings and going on holidays and...

OPPOSITION LEADER:

We can, vigilance is the key. Now the Prime Minister is right on one thing and he is right on a number of things in what has actually had to say just then, but he is right when he said that one of the things that we do need as a community is all the reserves of unity that we can get. We have got a very diverse community and in its diversity is an enormous strength we have got people of every cultural background, now that is gold for a decent intelligence community, if it is exploited properly, you know what is going on. But you need practical measures of vigilance too that is why I have

proposed a series of propositions which I think will work well. Firstly to restore the anti-terrorist capabilities of the Federal Police. Secondly to create a Federal Protective Service under the Federal Police for vital asset protection and they would double up as Sky Marshals at points of time when a threat is identified in the air. You can't just assert these things - you actually have to have the practical progress and I think that too we need a long distance capabilities of the SAS, a long distance insertion capability and that means that the next group of helicopters that is ordered by the army has to include a number of them associated directly with that purpose for the SAS. And we need a Coast Guard. We actually have to have people who are policemen on the beat, it is not the right role for the Navy this. The Navy is about high tech war fighting, its about missiles and torpedos, its about shifting combat troops. We need to be like the Americans here, we need a Coast Guard which is actually capable of defending our borders 52 weeks of the year at an affordable price. These are the sorts of things, these are the practical measures that we have got to put in place and when we have got that sort of vigilance in place then I think the folk that you are rightly concerned about and all of us that are parents know it from what our kids our saying to us now can begin to rest a little easier. We will never know absolutely everything but we can always be better.

PRIME MINISTER:

Can I just say something about the Coast Guard. Kim's proposition for a Coast Guard will be to establish a body that will be at the expense of the operational capacity of the Royal Australian Navy. I mean essentially what has got in mind is to take a dozen or fifteen patrol boats that were going to go to the Navy and put them into a Coast Guard, that is going to damage the operational capacity of the Navy, it will damage its training traditions and it won't really add to the protective capacity of the country. It is a bureaucratic rearrangement, it's not a net additional deployment of defensive maritime assets. I don't want to do anything that is going to hurt the Royal Australian Navy and the Coast Guard proposal as outlined by the Opposition will do serious damage to the Royal Australian Navy and that is why I am against it.

OPPOSITION LEADER:

I think that you are quite wrong on that, Prime Minister. It enhances the Royal Australian Navy because what it becomes is a naval auxiliary, a defence auxiliary. Junior officers, junior ranks of the Navy have the opportunity to rotate through it, get all the seagoing experience that they need and of course its not just about that proportion of the Navy currently devoted to what you might call Coast Guard-like activities. It also includes Coast Watch so paradoxically its actually an enhancement of the Defence Budget. Now because they have opportunity to rotate they get the sea going experience they need. But the Navy which is competing more and more these days for a shrinking proportion of the population in the recruitable age group gets the opportunity to focus of the new egis type arrangements for frigates which will be a much more high tech type of frigate that we will have to have. They can focus on what are now highly technical capable submarines, much more so than we have had before. It solves some of their recruitment problems at the same time as giving them that sea going experience. So you will take your Coast Guard Officers in and out of the Navy, the Americans have found it very satisfactory, we don't have to go as big as the Americans but you can recollect all those stories of the Vietnam War, a lot of the

brown water activities were done by the US Coast Guard in Vietnam. They're an ancillary to the Defence Forces, they enhance the Defence Forces, all the training that Naval Officers need from that type of Naval operation they get with the Coast Guard so I would urge you Prime Minister just to think about it a bit more clearly, think it through a little bit because I think that you will find it has many positive aspects for the Navy as well as for the defence of the country.

PRIME MINISTER:

Yes, well Kim that's very worthy but it hasn't altered the fact that you are going to take 12 to 15 patrol boats that would otherwise have gone to the Royal Australian Navy and plonked them into another bureaucratic arrangement and that will damage the Royal Australian Navy. I know that to be the view of the Royal Australian Navy. It will have a serious impact on the training patterns of the Royal Australian Navy and no amount of bureaucratic rearrangement could alter the fact that a proposal that denudes the Navy of 12 to 15 patrol vessels will do damage to one of our prized defence establishments.

MARTIN:

[inaudible] have more Australian Navy ships patrolling the water for boat people than we have at the war?

PRIME MINISTER:

Well it's an important part of the protection of the borders of Australia. I mean part of the role of the defence forces is to protect our borders and I think they're doing a magnificent job and I want to particularly record my gratitude to the men and women of the Royal Australian Navy who've served on HMAS Manoora, who're serving on HMAS Adelaide and all the other naval vessels. I mean the reality is that the action that we have taken has stemmed the flow of people into the illegal asylum seeker pipeline. If we had not committed those naval vessels there, we would have had Navy judgement and on the advice available to us we would have had thousands upon thousands more people wanting to arrive illegally into this country. I mean one of the reasons why so many people want to come to Australia and have been over the last year or so is that we haven't been able to get laws through the Federal Parliament because they've been blocked in the Senate by the Labor Party and others to strengthen the mechanisms to deal more expeditiously with asylum seekers claim and it was only right at the end before the Parliament was dissolved that the Labor Party withdrew its rejection to many of the pieces of legislation that we had wanted to put through which had they have gone through earlier would have acted much earlier as a deterrent. But unfortunately this country for a long time was seen as a soft touch and that is why so many people went into the illegal immigration pipeline. We were trying for close on two years to strengthen the procedures here, to make it harder for them to abuse the legal process, to string out their asylum application claims and the refugee status claims. And the Labor Party constantly blocked that legislation. Right at the end before the Parliament was dissolved they withdrew their objections and I'm not referring here to the Border Protection legislation. I'm referring to earlier legislation that was so important with its impact on asylum seekers.

OPPOSITION LEADER:

The Prime Minister's quite wrong on this and let's take a look at this soft touch bit. The Labor Party was the party which put in place compulsory detention for people who came into this country illegally. The problem was not there when we were in office. The problem has developed since you've been in office and it's a product of decisions that you have taken, some of them good some of them bad and a bit of laziness I might say in diplomacy with Indonesia difficult though those circumstances were after the conflict in Timor. You see we've had 13,000 boat people come to this country over the last decade - 2,000 under the Labor Party, 11,000 under you. And we discovered this with a sense of urgency in the shadow of an election. Now most of the legislation that you put in Parliament the other week which we passed through was new legislation. The stuff that you put in place in relation to the...

PRIME MINISTER:

... the privative legislation. The privative clauses?

OPPOSITION LEADER:

What you put in place in relation to border protection legislation, all of that was new. And as for that other aspect of it it's a minor aspect, a minor aspect of what is needed to protect these borders. So all of a sudden on the 213th boat, under his regime John Howard acted, finally acted. We supported it. We supported it. And we support the Navy being out there in the absence of a coast guard.

MARTIN:

Is it actually working right now?

OPPOSITION LEADER:

But John likes to think that he has the view of the Navy on the subject of a coast guard. Let me tell you there are a whole variety of views in the Navy on this. But there is also a strong view in the Navy that this is not their role, that their role is as a war fighting, not a policing, body. And we have the Executive Director of the Australian Defence Association come out today, who is Michael O'Connor, who is a person with the ear of the Navy and who's ear is attuned to the Navy saying this is end and we need a proper policing activity. So let me just say that about this. Also John Howard's policy's not working. He's got all the legislation that he wanted through, all of it. He's got the Navy out there but still they come. But do you know why? We need a solution that involves the Indonesians. Now he confessed that himself effectively by sending three ministers to Indonesia who failed.

MARTIN:

Is there any reason you think that President Megawati will speak to you on the phone?

OPPOSITION LEADER:

Yes I do believe so.

MARTIN:

Why?

OPPOSITION LEADER:

Because we have always had a respectful attitude to the fact that we have mutual interests in some things while disagreements in others. And the mutual interests are that these folk who are organising these illegal trades should not succeed because in Indonesia of course they have other criminal purposes in mind. Those who engage in this illegal trade are not simply about illegal people movement. They're about illicit drugs, they're about a whole range of illegal activities which are a problem for the Indonesians as well as for us. But the Indonesians when we were in office used to stop them coming on. When we were in office we had similar problems with Chinese illegals. We reached an agreement with China and our last immigration minister sent home to China 1,000 illegals and it cost us \$3 million.

PRIME MINISTER:

Can I just take that up. Kim, the people sent home to China were Chinese. The people we're dealing here are not Indonesians. They're people who're coming from third countries going through Indonesia. You didn't have any arrangements in relation to them. You didn't. And it's quite wrong of you to allege as you have just done that you did have those arrangements with Indonesia and there is nothing to suggest for a moment that if you were a Prime Minister that you would have any more success in the wake of the difficulties in our relationship with Indonesia following East Timor than we have had. It is a slow process rebuilding the relationship with Indonesia and that is because of the very strong stance we took over East Timor. Can I just make one...

OPPOSITION LEADER:

[inaudible].. you've had a fair crack at... I think I'm entitled to a fair hearing...

MARTIN:

Yeah hang on, I think that you're in front about a minute at the moment so go ahead.

PRIME MINISTER:

Kim the thing you can't escape is that when your party was asked to support the Border Protection Bill in the Parliament you having a few hours earlier said that you were not going to be a negative carping Opposition in relation to the difficult issue we faced with the Tampa, four and a half hours later you turned that around, you accused me of engaging in wedge politics, you inferred that I was playing the race card, you compared it with our native title legislation. In four and a half hours you flipped from one side of the street to the other on this issue and in the end you went back again and you finally let that legislation go through, not in its original form but in fact a more

expansive form. The reality is you've not had a consistent position on this illegal immigration issue. You have merely responded to what you perceived to be political pressure within the electorate. I don't think that is a very encouraging presentation for an alternative prime minister.

MARTIN:

We do have to move on.

OPPOSITION LEADER:

Can I say you're completely wrong on that John. Let me answer those points because they're quite serious allegations. Firstly on the Indonesians. The 2000 that came when we were in office were exactly the same people – from Afghanistan, from Iran, from Iraq. But the Indonesians did not send them on because we had a reasonable relationship and indeed for the first couple of years that was your experience too and it's not been since then. And you had the opportunity to improve relations with Indonesia after Timor but instead of responding to invitations to sit down with the Indonesian President and the East Timorese and talk through the problems you waited for something like 18 months. And then when you ran into trouble finally on the Tampa despite the fact you made some progress with Megawati you never bothered to phone her at a time that you were insisting that Indonesia actually take the freight from the Tampa as they should have at that point of time. Everyone had a conversation with you, the Australian people got on the airwaves, but the President of Indonesia did not. Now on your Border Protection Bill, after I offered you bipartisan support you swung across the table at me a piece of extraordinary legislation which would have allowed a Commonwealth official exemption from all civil and criminal liability. Not simply just dealing with foreigners coming into this country but with Australian citizens. It was a poorly thought out bill. And what did I offer you? I offered you at that point of time a Tampa specific bill which would have covered the Commonwealth officers in whatever it was that they were doing with the Tampa to take them to a safe haven. Now when you come back with a bill that did these things; 1- it was Tampa specific; 2 – it put reasonable constraints on Commonwealth officers; 3 - it protected the position of Australian citizens; 4 - It recognised that there are judicial processes engaged with this; what did we do? We passed it because everyone of those points we made in the debate. Now if you'd sat down with me on that day and talked that through you would have had that legislation through the Parliament the day you first introduced it. Now you came back with a reasonable bill and you a dumped an unreasonable one on it. Now the person who flipped flopped on this Prime Minister if you want to use those insulting terms if you don't my saying, was you. You came back with a bill that worked and a bill that we could support.

PRIME MINISTER:

Could I just, I have to finish, because the bill that was ended up being passed by the Parliament went far further than the original bill that you rejected. It was not as you said a Tampa specific bill.

OPPOSITION LEADER:

No, [inaudible] that worked.

PRIME MINISTER:

But it...no....it went much further than that, it went much further than that. The truth of the matter is you buckled to political pressure. That is why in the end you finally passed that legislation. Now it had nothing what ever to do with principle, nothing what ever to do at all.

OPPOSITION LEADER:

The truth of the matter Prime Minister is this – you go through my speech and then you go through the bill and you'll find all the objections I raised.

PRIME MINISTER:

I've been through your speech. I've been through what you said that day and four and a half hours after [inaudible]

OPPOSITION LEADER:

[inaudible].... you give me the same courtesy please John. You want me to interrupt you. My challenge to you is this – put up on your Liberal Party website the original bill and along side it the new bill and let people themselves see the fact that, and you can put my speech up as well, and let them see the way in which you changed in that second bill to produce something that was acceptable to us. And if you haven't done it in the next couple of days I'll do it on my website. [inaudible]

PRIME MINISTER:

I'll not only put that up on my website but I'll also put up the comment you made in the Parliament when I announced that the SAS were going out to the Tampa and also four and a half hours later the speech you made on the bill in which you accused me of playing wedge politics, you inferred that I was dancing to Pauline Hanson's tune, and you concurred that this was some kind of injection of native title legislation. The reality is that you went from one side of the street to the other and then back to the other side. And the only reason in the end you passed that legislation was because of your perception of political pressure from the electorate. It had nothing at all to do with principle. You have gone from one side of the street to the other on this issue for months and months.

OPPOSITION LEADER:

The only reason why we passed it John is it was in the national interest. That's all.

PRIME MINISTER:

You should have passed... [inaudible]

OPPOSITION LEADER:

The first one wasn't in the national interest. I respect your desire to move on.

MARTIN:

Can I move on. You mentioned something Mr Howard here about a year ago reconciliation was on the national agenda. We've barely heard a word of it from you or from Mr Beazley in the last couple of months. What's happened to reconciliation?

PRIME MINISTER:

I think quite a lot. I think the fact that the number of indigenous people who are now in apprenticeships and traineeships has quadrupled in the time that we've been in the government; that the number of indigenous people going to universities has gone up dramatically; the number of indigenous people in professional training has gone up quite significantly; the fact that we're spending a lot more money on employment opportunities on health and education opportunities. I think there is a lot that is happening on the practical reconciliation front.

MARTIN:

ACOSS, another top charity organisation has today called for at least negotiations on a treaty. Is that going to happen?

PRIME MINISTER:

Well not while I'm Prime Minister.

MARTIN:

How about you?

PRIME MINISTER:

Well can I just finish? I think a treaty is divisive. A treaty is something one country makes with another.

MARTIN:

How about negotiations though?

PRIME MINISTER:

No well once you start negotiating a treaty you are acknowledging the possibility that you might agree to one. Now I am not in favour of a treaty. We are one indivisible nation and our obligation is to try and give everybody a decent place in the sun within the broad Australian nation.

MARTIN:

Mr Beazley?

OPPOSITION LEADER:

We are one indivisible nation, I agree with that proposition. We need an agreement. We need to be prepared to sit down with the Aboriginal people and work through an agreement.

MARTIN:

Will that be a priority of yours?

OPPOSITION LEADER:

They've asked for it. We'll have many priorities and that will be one of them. They've asked for a discussion with us on these matters. It was implied in those documents of reconciliation that you recollect that we all signed up to. I think that when folk are coming to you in all honesty to try and get together with you, unify the community, you should respond to a desire to see that community unified.

MARTIN:

Well let's go to education gentlemen if we can. Rupert Murdoch warned this week that unless you both pour heaps of money into education, huge amounts, that Australia is threatened with global irrelevance. Are we?

OPPOSITION LEADER:

We are threatened with global irrelevance if we are not a clever and creative people. There is no question about that Ray. If we do not devote more of our national effort to the education system we are a nation which is going to be in trouble. Our completion rates, that means those kids who finish Year 12 at High school are very low by international standards. Way below countries like Korea, countries like the United States, countries like the Scandinavian countries. Virtually any European nation, much higher than us. We need targets. We need to lift ourselves from 70 to about 90 percent of those completing. We need to put resources back into universities. We've had a billion dollars cut out of university funding and it shows. And you can see that in the comments that the Vice-Chancellors are making now. We are going backwards in areas which are critical to our future. We've gone from having 13 or 14 to 1 staff/student ratios to 18 in universities. And then we have the federal government's priorities in relation to education at the primary and secondary level.

Now my father is the proud originator of state aid on a needs basis to the private school system. He did it on a needs basis so it was funding of education not a privilege. That has been changed. The proportions between public schools and private schools has changed. Now we've supported additional resources to needy private schools but we do not support money going to privilege. The hundred million plus going to the old category one elite schools. Now take a school like Kings. They've got 15 ovals, rifle ranges and the rest. They don't need money for a new one. We need money going into our teachers to get a better teaching profession. We need money

going into our government schools to make them better. We need resources devoted to them to ensure that we have an effective performance educationally across the board.

MARTIN:

It sounds like mother and apple pie though. What Rupert Murdoch's talking about is not just your \$110 million. He's talking about hundreds of millions of dollars.

OPPOSITION LEADER:

It depends where you put your priorities and he's right. You've got to put your priorities into building a knowledge nation. And a knowledge society is more than that. I agree. It is more than just about universities. It's about business too.

MARTIN:

Does anyone understand what a knowledge nation is apart from you and Barry Jones?

OPPOSITION LEADER:

I do. I do. It's the sort of thing that Rupert Murdoch was talking about. A clever and creative society. That's all it is.

MARTIN:

Mr Howard the quote : "No country in the developed world needs education improvements more urgently than Australia" from Mr Murdoch. You've been the Prime Minister for five and a half years.

PRIME MINISTER:

Well there is one factual error in Mr Murdoch's allegations. He said we spent more on mainland defence than we do on education. That's only the federal government. In fact we spend as a nation \$31 billion a year on education. We spend \$12.5 billion on defence. His proposition that we ought to have more resources into education I agree with. The way you get more resources into education is first and foremost run a strong economy which gives you the financial resources to put more into education. More specifically you recognise that the best thing that anybody's done for education in this country in recent years is to bring in the GST because what the GST will do because all the money from the GST goes to the Australian states. What the GST will do over time is to deliver growing revenues to all of the state governments. And out of those growing revenues the state governments can spend more money on government schools and incidentally more money on public hospitals. And it strikes me as the great policy fraud of this whole election campaign, that Kim Beazley the man who is such a champion of more resources going into education is in fact intending to roll back the very revenue mechanism that will to the Australian states capacity over time. Because they run the government schools, we don't. They run the public hospitals. And the one way the great life line for them into the future is the growth under GST of revenue year after year. All of the money, every last dollar from the GST goes to

the states. The states run public schools, they run public hospitals and yet the man who says he wants to be the education Prime Minister of Australia is committed to rolling back the very mechanism whereby the resources available for public education and public hospitals in the years ahead will grow with the economy.

So yes I am in favour of doing more for education. We have done massively more for education. But the way you do it is to give to the states of Australia a sound revenue base. You don't have a hit list of independent schools. Many of the schools on that category one list are not like Kings. They are in fact schools that service middle Australia and the parents who send their children to those schools as so many parents do make great sacrifices in order to do so. And before you start attacking provision of public money for independent schools you've got to remember every child educated in an independent school takes a load off the taxpayer as otherwise that child would have a right to present at a government school. I favour choice. I favour a dual system of education. I believe passionately in the principle of freedom of choice and I mean no disrespect to Kim's father in saying that the person who broke through on aid for independent schools was Robert Menzies in 1963. He was the person who really broke the log jam and introduced fairness and freedom of choice in relation to education in this country.

OPPOSITION LEADER:

He introduced funding for science labs and libraries. But let me get to the point that John's talking about, about a strong economy. I agree with that. The GST has manifestly weakened the Australian economy. Manifestly weakened it. It's halved the growth rate. It's seen inflation treble in the year since it's been introduced. It's seen a thirty percent increase in bankruptcies and it's made life impossible for small businesses and fortunately as part of our program we've put forward a simplification process.

MARTIN:

Why don't you get rid of it?

OPPOSITION LEADER:

But let me just challenge this point about the funding arrangements for schools arising out of the GST. As the Prime Minister knows it is years before the GST actually catches up to the funding arrangements that were put in place from a whole complex of sources to states to do the sorts of things about schools and hospitals that they wish to do. Years before that happens. And when it does he has all sorts of commentators out there saying, if that's all there is. If the Commonwealth government isn't going to be in there with it with its revenue base and the things it can do for schools you are going to have to talk about raising the rate of the GST or putting it on to food. Things that we would never contemplate. The states need the continuous assistance of the Commonwealth. And under John Howard's proposals for schools the Commonwealth would go down from an historical point where it constantly provided 43 and 45 percent of its funds to the public school system. Always did more for independent schools that's true. But 43 to 45 percent of its funds it will send them down at the end of John Howard's funding period to 34. Well what this is doing is shifting the weight

on to the states when what the Commonwealth ought to be doing is in there giving them a hand. Now John really does believe that...

MARTIN:

... it's the states who decide.

OPPOSITION LEADER:

It's the states and the Commonwealth. One of the things my father said and I profoundly believe is that as Prime Minister of this nation I am responsible for every kid in this country where ever they come from to ensure that they get what they need in education health or whatever. And that is why I take the view that you stand in partnership with the states. You don't just duck shove things to them and then gradually withdraw yourself from a proposal and say that is nothing more to be done at the federal level with hospitals and schools. There is a massive amount to be done at the federal level on hospitals and schools. And you need to have a bit of long term thinking for our future which is why I want to be around for the long term.

MARTIN:

Can I move on to...

PRIME MINISTER:

This is really fundamental. This whole education, health issue. And that is the funding capacity of the states. Every last dollar of the GST goes to the states and the states run their own schools. That doesn't mean to say we shouldn't provide top up assistance. And we have in fact increased by 45 percent the amount of money that we've sent to government schools in the time we've been in office. And by comparison a number of the state governments have in fact increased their provision for government schools for which they are predominantly responsible by lesser amounts. But the fundamental thing is this Ray. The GST goes to the states. The GST is a growth tax. It means the states will have more money to spend on the things that they are responsible for assisted by us such as government schools and public hospitals. And Kim Beazley, a man who has talked in general terms about his commitment to education and health, particularly public education and public health is in fact - he voted against the thing that would give them more resources for education and health - and he says he is going to rollback the GST. It seems to me to be the most grievous fraud of this whole election campaign that my opponent who says he's in favour of more money for health and education is in fact opposed to the very revenue device that will guarantee to the states of Australia that run government schools and run public hospitals, the wherewithal to provide more money for those schools and those hospitals in the years ahead. I just think it is a fundamental contradiction of his whole pitch to the Australian people in this election campaign.

OPPOSITION LEADER:

The only grievous fraud in this John was your statement that you would never ever do a GST. You know full well that if the economy expands the revenue base expands. So

it's not just in relation to goods and services taxes if they happen to be in place. It relates to all other elements of the revenue base and the Commonwealth has got the lion's share of it. So if the Commonwealth cops out of providing for public hospitals, cops out of providing for public schools, one thing will happen as sure as night follows day. And that is the states will be forced to raise the rate of the GST and the states will ask you to raise the rate or whoever is Prime Minister to raise the rate of the GST or put it on food. And we've had plenty of people out there like Chris Richardson pointing that out exactly. They say for you to achieve the objectives that you say can be achieved when the GST finally rolls in to replace all of the things that were cut out for it, in about three or four years from now you are going to find enormous pressure to do exactly that. Well I say no. What you've got to do is keep the Commonwealth responsible for funding as well as the states our education system and our public hospitals. You can't cop out of it.

PRIME MINISTER:

Kim. I agree with you. The Commonwealth does have to have a responsibility. That is why we are giving every last dollar of the GST to the states. And as for never ever, I put the GST to an election in 1998 which I won. And the reality is that the GST replaced, which is a growing indirect tax, a broadly based indirect tax. It replaced a declining shrinking indirect tax, the wholesale tax. So you can't avoid the fact that we have given to the states of Australia a growth tax, something they have wanted for decades. It will give them over years more and more resources to spend on government schools and on public hospitals and you are wanting to rollback that back. You voted against it. So you have a fundamental contradiction. On the one hand you say I'm the education Prime Minister. I want to spend more money on health and education but I am not in favour of the device where that can happen.

OPPOSITION LEADER:

That's an extraordinary proposition. The only way you raise funds for health and education are the GST. It's a nonsense. It is a rationalisation to defend what is a very unfair tax put in place on the basis not something sound for the economy but a recession.. And not a magnificent one at that either. The point about that goods and services tax is that it shifts the orientation of the tax system to being carried by ordinary Australians. Pensioners and Australian families who found it's impacted on their lives very unfairly and complex for small business. It's impacted on their lives dramatically. It's gone to them or down on them and the consequence of that is not the cornucopia of resources you talk about. It's much less effective than that. And it doesn't obviate the need for the Commonwealth and its base of income taxes, business taxes, the taxation arrangements in relation to the Medicare levy or whatever to stay in the business of assisting the states because it is a much bigger share of the revenue base as you well know.

RAY MARTIN:

I must interrupt. Mr Howard, what do you fear most this bloke will do if he becomes Prime Minister with the Australian economy?

PRIME MINISTER:

Well I think the worst thing that would if the Labor Government were elected is that you would have coast to coast Labor Governments and they would wind back the industrial relations laws, they would abolish the prohibitions against compulsory unionism, they would get rid of the secondary boycott provisions in the trade practices act. You would have a resumption of unreasonable trade union involvement in the affairs of this country. I think that's the thing I fear most and the thing I would grieve most if a Labor Government were elected. But you'd also of course have a return to the economic mismanagement. I mean nothing can alter the fact that in the time that we've been in government we've seen a fall in interest rates, we've seen an reduction in unemployment, we've seen a doubling of apprenticeships, we've seen a dramatic fall in debt. As I said at the beginning \$58 billion of the \$96 billion of Government debt that we inherited in March of 1996 will have been repaid by the end of this financial year. So they are many of the things that I would fear. The thing that would grieve me most about the election of a Labor Government is that you'd have a Labor Government in Canberra and you'd have Labor Governments in every state expect South Australia and in those circumstances to use the Australian vernacular, the boys and girls of the union movement and the union bosses would make whoopee and certainly assert themselves, resume their places at the Cabinet table and I think that would be massively to the detriment of the Australian economy because under our industrial relations policy productivity has gone up, real wages are higher and strikes are fewer. I mean all the things that we were told wouldn't happen if we changed the industrial relations system, of course that didn't transpire and on top of that due to the courage of people like Peter Reith we have been able to dramatically improve productivity on the Australian waterfront and that's one of the reasons why Australia's trade performance is so very good. All of those reforms would be wound up...

MARTIN:

Can I ask you the same question, what do you fear most about this bloke?

OPPOSITION LEADER:

Let me set John's mind at rest on these matters since he's made a whole series of points. Firstly about management of the economy and secondly about industrial relations. Let me take first management of the economy. When you came into office you said you inherited an economy better than good in parts. And indeed you did. You inherited an economy growing at four per cent per annum. Indeed if you look at full time jobs in the last three years of the Labor Government more full time jobs were created in this country and this economy than in the five years of your time in office. That's the first point. The second point is that that growth, that excellent growth in the Australian economy and our top performing effort all changed when you put in place the GST. We dropped from four per cent to 1.4 per cent growth. We start unemployment start to rise. We still haven't got back to the level of full time jobs we had when the GST was first put in place. We saw a 30 per cent increase in bankruptcies. We saw a three fold increase in the rate of inflation in this country. I mean we went in that year from being a top performing nation to about the 24th out of 30 in the OECD. So whatever it might have been achieved before then coming off the back of the painful reforms we put in place, it changed when the GST came in. So

that's the first point I'd make. In addition to that we've had a ruthless expenditure of the budget over the course of the last 12 months in attempt to save this government some \$20 billion worth of expenses. Which leaves a question to me. Kim Beazley, will you ensure in these circumstances that there is a maintenance of budget surpluses while there is growth around? And that is why we have been put, because we will do that, because we don't want to put pressure on interest rates, we will ensure that those surpluses are sustained whilst ever there's growth around in the economy and if the predictions that are being put forward by John Howard prove to be correct, we will sustain surpluses because we're worried about interest rates.

I might say on interest rates too... before the GST came in our interest rates were half a percent better than the Americans. Now a year and a half in we are two per cent worse than the United States are far as interest rates are concerned. And personal debt in Australia has gone through the roof over the course of the last five years and that's another reason why we've got to keep interest rates down and why we will.

Now let me get onto industrial relations because the Prime Minister's fears are unfounded. What we want is balance. The Prime Minister's industrial relations laws have tilted the balance against ordinary working Australians. He's indifferent to their fate. You can see it in the performance of those elements of it which are still involved in collective bargaining. Their outcomes for operatives are about \$55 a week better than AWA system. And we say that what we need in the industrial relations system is to restore balance, not advantage, balance, with an effective industrial relations commission capable of sustaining awards at above more than just 20 allowable matters. But as far as the states governments are concerned let's understand this, this is a great historical opportunity for Australia, we can get the commonwealth working together with the states on education, the environment, health, instead of the endless bickering between state premiers and Federal prime ministers. You're at last going to have the possibility at least of a federal prime minister and state premiers in agreement, not fighting each other but wanting a better life for our children, wanting to ensure that our parents get into decent aged care facilities, wanting to ensure that our public hospitals work really well. Now that's what I'm about, cooperative...

MARTIN:

That's about four minutes.

PRIME MINISTER:

Can I just say one thing about balance Kim. If you have a federal Labor government and you have five state Labor governments that doesn't sound very balanced to me. It sounds profoundly unbalanced to the detriment of the Australian community. But can I also just pick up the point you made about balance in industrial relations and you suggest we are indifferent to the position of the ordinary worker. So indifferent that under us real wages have risen by 9.2 per cent. Whereas under the 13 years of the Hawke/Keating Government of which you were a senior member they raised by about a third that amount. So indifferent are we to them that their tax home pay is also higher because of massive reductions in personal income tax. So indifferent are we to them that their interest rates are lower, paying off their home to the tune of at least \$350 a month. You talk about the interest rate differential between Australia and the

United States, the reason for that is that the Australian economy is performing more strongly than the United States economy, that's the reason why there's an interest rate differential. And you can talk about all the ebbs and flows since the introduction of the GST, the reality is that interest rates are dramatically lower. We have repaid \$58 billion of the \$96 billion of federal government debt you so unkindly left us. Unemployment has fallen. Apprenticeships have doubled. There are more than 830,000 more Australians in work. I mean these are undeniable facts, the Australian economy now is one of the strongest in the world. You know as well as I do the world because of the terrorist attack is entering very difficult economic times. Thank heavens the Australian economy, because of the reforms we've undertaken, because we got the budget into balance, and all of those things, we are better able to handle ... that's what the future of Australia is all about, who is better able to lead Australia through these very difficult economic and strategic circumstances, on our economic track record I respectfully ask the Australian people to accept that I and my colleagues are better able to do that than you.

OPPOSITION LEADER:

Well I won't accept that John and there's more to the economy than what it is that you're talking about. It is important to keep low interest rates, and we will. Low interest rates are a product of breaking the back of inflation, that was broken by your predecessors, not by you. It was broken by your predecessors. And in addition to that, that public debt that you talk about was at the fifth lowest in the Western World when you inherited it and you've gone to the second lowest. And the way you've done it is virtually exclusively through the privatisation of Telstra. Few little things added to that. The privatisation, anybody in this country knows that you can retire debt and you can retire your mortgage by selling your house. And selling Telstra as a decision by government when it is so absolutely vital to ordinary Australians is not a sensible way to go on retiring debt, when your position, as far as public debt is concerned, is by any comparison in the Western World a good one. A lower level of public debt we had than Maggie Thatcher's Britain, or Ronald Reagan's United States, as you well know. Now the question for your on this is quite interesting. What are you going to do about Telstra. See I have firmly committed myself to not privatising Telstra, and I won't. Because I know that a privatised Telstra in the end will be charging commercial rates to people in regional Australia, it will affect the reliability, or the affordability rather than the reliability of their telephones and their communication services. Now I've said I'm not going to privatise it, John Anderson has said maybe they will and maybe they won't. You have said perhaps you won't and Richard Alston was out there saying they would and Peter Costello put it in the budget.

PRIME MINISTER:

Our position is very simple. We're not going to proceed further sales of the government majority interest in Telstra until the recommendations of the Besley inquiry about fixing communications facilities in the bush have been implemented. Now there's no secret in that and... you ask me the question so pay me the courtesy of hearing the answer. That's the first part of the answer. The second part of the answer is that out of the proceeds of the sale of up to 49.6 per cent of Telstra to the public we have been able to fund in country Australia massive improvement in the communication facilities of rural Australia. We have also legislated community

service obligations. So as a result of what we have done already communications facilities in the bush are better, the mobile phone coverage is better, their Internet access is better and all of those improvements that have flowed through to country Australia in that area have all flowed through courtesy of the sales of shares in Telstra that has already happen which you opposed. You voted against every one of those and of course in doing so you were voting against the provision of additional services to the Australian people in country Australia.

MARTIN:

Gentlemen we're almost out of time, I really have to tie up the links here. I've got to say out of all the letters we received, we received most about education and about your future. (inaudible) you've said...

PRIME MINISTER:

Well I'm touched about it...

MARTIN:

When I'm 64 I'll decide whether to step down as Prime Minister.

PRIME MINISTER:

I am really touched about that, that's very encouraging.

MARTIN:

That's only 18 months away that you turn 64. The fact is a vote for John Howard a vote for Peter Costello?

PRIME MINISTER:

Yes it is, it's a vote for Peter Costello, it's a vote for Philip Ruddock whose done an outstanding job on asylum seekers, it's a vote for John Anderson who understands rural Australia...

MARTIN:

But not as Prime Minister.

PRIME MINISTER:

It's a vote for a team Ray. Can I make this comment about my future. I have never felt more committed to this job than I do now, in many respects because of the experience of the last few years I feel better able to handle it. And in the end it will be for my fellow Australians to decide whether they want me to do so. I intend to see the Australian people through these very difficult challenges. If I win the election it will be for a term of three years, I've said two years or so through that term I'm going to decide whether I will seek another term as Prime Minister. Now I think the Australian

people are entitled to know that is in my mind. I don't hide things from the Australian people but I can tell them that I am absolutely committed to seeing them through these current challenges and these current difficulties. I have never said that I'm going to retire. I've said that I will see them through these current challenges and these current difficulties and I really am flattered that Kim Beazley has spend so much time worrying about my future.

MARTIN:

Alright let's sum up gentlemen, you have two minutes each. Mr Beazley what single quality...

OPPOSITION LEADER:

I think it's for Mr Howard what single quality..

MARTIN:

Alright it is, you had the first so you have the second. What single quality do you offer as Prime Minister that will make a difference that he doesn't have?

PRIME MINISTER:

Well I think I offer steadfastness. I offer tenacity. I offer consistency. I offer a commitment to see the Australian people through these very difficult circumstances. We are in a very unhappy time in our history, not through our own making but because of the tragic events that have come from overseas. We do have to work together, strive together with our American and our British and our other allied friends. And I believe that this time in Australia's history what we need is somebody and also a group of men and women around me who can see the Australian people through these difficulties because they are not only of a strategic kind but they're also of an economic kind. The most difficult challenges we're going to face will be to get the balance right between the two of them and it's because of what we have done to strengthen the Australian economy that I can say that if we are given the privilege again of governing the affairs of this country we will draw on the inherent strengths of the Australian economy to be able to see this nation through these very very difficult circumstances. I said at the opening that I had been toughened and tempered by the experience of the last five and a half years. I've made mistakes and I know a number of things that I have done, not everybody is alike, but I have learnt a lot and I believe I have the strength and the skill and the experience to see the Australian people through these very challenging times.

MARTIN:

Alright Mr Beazley the last word.

OPPOSITION LEADER:

Yes well I'm there for the long term, I'm there for the whole term and I'm there to be subject to a test of the Australian people after that. I've also got a team that you'd

know, you don't know who John Howard's defence minister will be, who his finance minister will be or who his health minister will be. The strong team that he describes it as is disappearing underneath him as we campaign and himself made well disappear in two years. But I'd just ask the Australian people this. Do you think you're better off now than you were five years ago. Do you think the GST has made you better off if you're there in small business and struggling to administer it. Do you think you're better off with your public hospitals? Are they better now than they five years ago? What about your public schools, are they better than they were five years ago? Do you feel more secure with your employees entitlements and with the industrial legislation that impacts on you? Do you feel more secure? Now there'd be fewer Australians who would answer yes to those questions and that's what my vision for this country is about. It's for all Australians, not just for a privileged few, all of them. It's for the many not the few. It's about decent education systems, it's about working with the states to ensure that we have that. It's about decent health, working with the states to ensure that we get that. It's about putting beds into nursing homes so we don't have a 12,000 shortfall for our elderly. It's about that. And it's about defending this nation on the basis of some expertise vision and direction which is why we have put down a comprehensive package for vigilance in this country now. We need that. I can work with the Americans, I can work with the British put more importantly I can work for you.

MARTIN:

Alright gentlemen we have had some long answers tonight, we haven't talked about health, the environment, aged care, welfare, problems with the bush, lots of topics we haven't been able to fit in. this studios is available every night between now and November the 9, Mr Beazley if you'd like to come here and debate a second time.

OPPOSITION LEADER:

Well Ray I'll be here the Sunday before the election ready to debate if you're going to make the time available.

MARTIN:

Mr Howard, not a Sunday, any day of the week this studio is available.

PRIME MINISTER:

Well Ray I think it's important to have a debate like this, it's part and parcel of the whole election process but this is not just an election campaign about what's said during the period of the election campaign, it's about what I've done and not done over the last five and half years.

MARTIN:

But you don't want a face to face again?

PRIME MINISTER:

I think we've done very well tonight.

MARTIN:

Alright. Thank you gentlemen very much indeed, thank you for your contribution tonight and we wish you both the best of luck.

Source: Transcribed from audio at Australian Politics Online and the Australian Financial Review