

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

Moderator: Laurie Oakes, Sixty Minutes, Channel Nine, September 12 2004

CHARLES WOOLEY: Good evening, I'm Charles Wooley. Welcome to this 60 Minutes event. Tonight — the great debate. In four weeks' time, it's your choice, your decision on who will govern Australia — John Howard or Mark Latham?

To help you make that decision, 60 Minutes brings the two leaders together for their only face-to-face encounter as they debate live and uninterrupted by commercials.

The leaders are joined by a panel of political experts, senior journalists from print, radio and television — Malcolm Farr from the Daily Telegraph; from Radio 3AW in Melbourne, Neil Mitchell; Michelle Grattan from the Age; the ABC's chief political correspondent, Jim Middleton; and our moderator tonight is the Nine Network's political editor, Laurie Oakes.

LAURIE OAKES: Welcome everybody and thank you for joining us, especially Mr Howard and Mr Latham. We are pleased to again be the national broadcaster bringing you this important election debate live.

The ground rules for the debate have been set by the two leaders — equal time and a fair go to get their point across. This is a debate facilitated by questions from the panel. Good luck, gentlemen. We've tossed, and Mr Howard will kick off the debate with a two-minute opening address, to be followed by Mr Latham. Mr Howard, your opening address.

JOHN HOWARD, PRIME MINISTER: Good evening. Last Monday, I was very pleased to announce an additional \$1.8 billion for Medicare. This announcement will make GP services for all Australians more affordable and, coupled with our new safety net, it represents a strong, ongoing commitment by the Government to Medicare. Now, this announcement last Monday was made possible by the fact that our economic position, our Budget position, is even stronger now than what it was at the time of the Budget last May.

And I mention this to make a very important point, and that is that running a strong economy is not an end in its own right. It's only useful if it produces outcomes for people. It's only useful if it produces a human dividend and, in this case, the human dividend was more money for Medicare, which is so important for the health of all Australians. And it does remind all of us that we can make all the promises in the world, we can offer all sorts of things for the future, but unless we run a strong economy, unless we have a capacity to run a strong economy, all the promises in the world are not going to be realised.

This debate, this election, is about Australia's future and critical to Australia's future is the maintenance of a strong, growing economy. The other issue, of course, which is very critical to Australia's future is that of national security and defence. Terrorism is

an insidious threat to our way of life and we can never negotiate or compromise with terrorists. We must always maintain for the sake of our future a strong line against all the threats that terrorism carries.

OAKES: Thank you, Mr Howard. Mr Latham, your opening address.

MARK LATHAM, OPPOSITION LEADER: Well, thanks, Laurie.

Can I just start by paying my respects to the people who have suffered so much as a result of the tragic bombing in Jakarta. It's a reminder of the uncertain world in which we live, but I think that we also need to be positive, we need to be talking about solutions and I hope here tonight that Mr Howard and I can show people the very best of our Australian democracy. After all, that's why I'm running to be Prime Minister, to make Australia a stronger, fairer and safer place.

How can we make our country safer? Well, we need to do so much more in our part of the world to fight the scourge of terrorism. We need to identify and eliminate these terrorists, we need to break up and destroy JI in particular. And this has been the problem with the commitment in Iraq. So many experts have pointed out it's made Australia a larger target, it's made us less safe in the war against terror. The Police Commissioner Mick Keelty's made that point and, earlier today, even Deputy Prime Minister John Anderson made that point.

So we can't afford mistakes like that in the future. We've got to get it right, get it right in our part of the world. Laurie, to make Australia a stronger and fairer place, I want to take the financial pressure off Australian families. I want to ease the squeeze on middle Australia. On Budget night Mr Howard said it wasn't possible to provide tax relief under \$52,000 a year. Well, now Labor's showing how it can be done.

And we've also got a plan to improve the family payment system, delivering benefits of \$70-\$80 a week to typical middle-income families around the country. And when we're easing the squeeze, we've also got to do it in health and education, getting the national rate of bulk-billing back up to 80 percent and also ensuring we don't have a user-pays education system. We need fair funding of our schools, 40,000 extra TAFE and university places and Labor will stop the regressive 25-percent increase in HECS.

So we can do these things, we can make our nation stronger and fairer and we can do it through new energy, new ideas, new programs for the future and that's why I'm asking for the support of the Australian people in this election campaign.

OAKES: Thanks, Mr Latham. Mr Howard, if I could ask the first question of you: the Jakarta embassy bombing is a tragedy, but it will affect the election campaign climate and we can't ignore it. It makes the question of terrorism and how we deal with it a central issue. US Defense Secretary Donald Rumsfeld said on Friday, "They, the terrorists are going to be going after the coalition countries."

Your Deputy Prime Minister, John Anderson, conceded this morning it might be the case that we're more of a target because we're part of the coalition of the willing. Will you now admit that our involvement in Iraq has raised Australia's profile as a terrorist target?

HOWARD: Laurie, this country was a terrorist target long before we entered the campaign in Iraq. Bin Laden criticised us for our liberation of East Timor. There was the abortive attempt to blow up the Australian High Commission in Singapore in December, 2001. Eighty-eight of our fellow Australians died in Bali in October, 2002,

which was before we went into Iraq. So the idea that we suddenly became a terrorist target because of Iraq is false.

But, leave that aside, think what you may about whether or not we should have gone into Iraq, the day this country allows terrorists to determine things like that is the day we lose control over our future, because those are things that have to be determined according to the assessment at the time. I believe that our decision to go into Iraq was right. I believe that our capacity to deal with terrorism on our doorstep has not been impaired in any way by the units that we have deployed to Iraq.

The frontline assets that have to be used against terrorism are the assets of intelligence and cooperation. I mean, as we speak, we have 51 Australian Federal Police officers on the ground in Jakarta and they are there as a result of a decision we took months ago to establish a rapid deployment capacity within the Australian Federal Police to deal precisely with that sort of contingency. We can fulfil our obligation in Iraq. We should not cut and run from Iraq. We should stay and finish the job. That is the Australian way.

OAKES: Mr Latham, your response to that?

LATHAM: Well, Laurie, I've been listening to the experts. The head of the Australian Federal Police, Mick Keelty, has said that we are a bigger target as a result of the conflict in Iraq. The 43 eminent Australians, people who have served our nation so well, have made the same point and just earlier today, Mr Howard's deputy, John Anderson, was saying the exact same thing — we have become less safe in the war against terror because of the conflict in Iraq.

Why? Because it diverted so many resources from the real task and, for Australia, the real task is in our part of the world, in Asia. I mean, I've no doubt that if all the time, the effort, the money, the resources that went into Iraq had been used to break up al-Qaeda, to smash JI, to find bin Laden, the world today would be a safer place, Australia would be safer and more secure. And while, you know, we've got no way of reversing this decision, what's happened, we've got to learn the mistakes that were made in relation to Iraq and get it right for the future. Unless we do that, we diminish our capacity to keep our people safe.

OAKES: Mr Howard, would you like to respond?

HOWARD: I don't think it was a mistake to see off a butcher like Saddam Hussein and, whether Mr Latham likes it or not, the reality is that if the advice of his party had been followed, Saddam Hussein would still be in power in Iraq and, in as so far as the assets are concerned, we have a capacity to deal with terrorism on our doorstep and one of the reasons why we are a heightened target and the point really that John Anderson was making this morning was that we have been successful in cooperation with the Indonesians in weakening JI and that, in the view of one of our intelligence agencies, is a possible reason why the attack took place outside the Australian Embassy in Jakarta — because we have been successful in the wake of the murder of 88 Australians in Bali in working to weaken JI in cooperation with the Indonesians.

OAKES: Mr Latham, I'll quote Donald Rumsfeld at you as well. He said on Friday, "Some countries have elections taking place and there's a big tug of war over whether or not they should stay in Iraq and whether they should have been there and the terrorists know that, they're not stupid and they think, 'Goodness, if we can affect that.'"

Do you agree the terrorists who bombed our embassy may have been trying to influence the Australian election? Do you think your promise to pull troops out of Iraq may encourage terrorists to try to influence the election? Do you stick by your troops-out-by-Christmas pledge even if that's the case, stick by it no matter what?

LATHAM: Well, Laurie, there's no way in the world terrorists would ever affect the policies and stance of the Australian Labor Party. We've made it clear that we won't negotiate with them. We set our policies in Australia's national interest and we've been saying for a number of years now that Australia's permanent interests in the war against terror are in south-east Asia.

Let me just give an example of what we should have been doing. One of the great problems with JI is their movement in and out of terrorist bases in the southern Philippines and Indonesia, Singapore and Malaysia have been trying to muster air surveillance and maritime security to try and stop this flow of the terrorists in and out of the Philippines. Australia has only been marginal to that effort. We've got a few surveillance operations, but no great maritime presence. This is where Labor will dedicate our resources — to our region, to our part of the world, to the real security of Australian people. We should be part of that gateway operation with our neighbours, Indonesia, Malaysia and Singapore, to break up and destroy JI, to disrupt their activities as much as possible. That's the Labor approach.

We don't believe our permanent interests lie on the other side of the world. They lie on our side of the world and we'll always dedicate ourselves to that purpose. Labor has a strategy to deal with national security — it's in our part of the world — and also to do more on the home front ... a department of homeland security, a coastguard and improved regional airport security. We've got to get it right where the Australian people live, where our nation is located in the region. And that's one of the reasons why we didn't support the Iraq conflict in the first place. We've made a strategic decision which we believe is in Australia's national interests. That will never be influenced by these evil, barbaric terrorists, never. We will always do the things that are right for Australia — defending and securing this country as best we can.

OAKES: Mr Howard, your response.

HOWARD: Well, Laurie, there's not the slightest doubt that if Australia were to cut and run from Iraq that would give enormous heart to those who are opposed to the coalition, including terrorists, because it would send a signal to the rest of the world that one of the countries that was part of the original coalition has weakened and buckled and I think that would be sending completely the wrong signal and however Mr Latham tries to rationalise it, he cannot escape the heavy burden of that reality.

I have heard people who've disagreed with my original decision. I've heard people come to me and say "Look, John, you were wrong to go there in the first place, but having gone there you've got to finish the job." And this idea that you could cut and run without doing significant damage to the coalition cause — and whether we like it or not, terrorists are involved in Iraq and it's part of the worldwide battle against terrorism and we can do both — we can finish the job there and do our full part in our part of the world.

OAKES: Mr Latham?

LATHAM: Well, Laurie, I think for all the political differences I have with Mr Howard, I'll say this, that I believe as a person he despises and detests these terrorists as much as I do. But I think on two counts he's got it wrong, the strategy's been wrong

— we should have been securing our nation in our part of the world, our permanent interests in national security lie here.

And Mr Howard talks about cut and run. The other thing we've got to recognise is that the war against terror, it will take at least three years to win it, and I'm giving a commitment for the long haul, to serve the full term as Prime Minister and make sure I do everything I humanly can to secure the safety of the Australian people. Mr Howard in this election campaign is yet to say he's gonna serve the three years ... I mean, this is life or death for our nation and I think the Prime Minister, if he was fair dinkum, he'd make the commitment that he'd serve the three years, he wouldn't sort of be dancing around it. He talks about cut and run. It's possible that, after the election, he'll be leaving office and leaving it to someone else. That's not the commitment we need at this time for the future of our nation.

OAKES: Michelle, you have a question for the PM? A question for Mr Latham, I beg your pardon.

MICHELLE GRATTAN, THE AGE: A question for Mr Latham. Mr Latham, if you become prime minister, what will you be saying in your first conversation with the American President about how Australia's attitudes will change? How will you promote a stronger and more independent Australian voice — which you've said is needed — within the alliance?

LATHAM: Well, I'll be making plain Labor's long-standing commitment to the American alliance. This was something established by a great wartime prime minister, John Curtin. We've always supported the American alliance. I'll be making that plain. And I'll also be spelling out our commitments for national security in our part of the world — the maritime strategy I mentioned earlier on, our commitment to work with our neighbours with improved policing, tracking down and eliminating these terrorists.

I'll also be talking to him about our commitment to the rebuilding of Iraq. President Bush, or if it's president Kerry, they know our point of difference, that we didn't support this conflict in the first place, but we have a commitment to the rebuilding of Iraq through the processes of the United Nations. We'd be committing resources to healthcare services, customs services, working hand in glove with our colleagues from the United States and also providing some non-combatant personnel for the UN protective force.

So I think that is the right approach, it's the right strategy. It's consistent with the American alliance and I'll let our partners and allies know that we're rock solid in wanting to win the war against terror and giving them my best advice and council on how that can be achieved for the mutual benefit and security of our two great nations.

OAKES: Mr Howard, your response?

HOWARD: Well, I don't think any of that would wash away the psychological and real blow to the alliance of Australia, having been in there in the beginning with the United States, cutting and running. And the odd situation, Laurie, is that Mr Latham's opposite number in the United States, Senator Kerry, actually supports President Bush in finishing the job. His opposite number in the United Kingdom, the Conservative Party leader Michael Howard, also supports Britain staying in Iraq to finish the job and in that sense, the Australian Labor Party is the odd man out.

I mean, the reality is that we, having been there at the beginning — think what you may about that original decision — having gone there, to pull out before the job has been finished I think is a huge mistake and would be an enormous, psychological and real blow because our people are doing very valuable work, both military and humanitarian.

LATHAM: Well, Laurie, Mr Howard talks about finishing the job. For goodness sake, we've got to start the real security job in our part of the world. We should be a part of that maritime security effort, disrupting and breaking up JI, and we should be committing more resources, working with south-east Asian nations to beat these evil people and make our nation as safe as possible.

Now, we've got a commitment to the rebuilding of Iraq, but we've also got a very strong and clear commitment to Australia's national interests. I support the American alliance, but if there's a difference of opinion, a difference of opinion between us and the United States, I'll always back the Australian side of the argument. I'll always back Australia's interests as best I can. And because the relationship is strong, because Labor's always supported the American alliance, you can have these points of difference, and it's legitimate, I think it's necessary, for the Australian Prime Minister to step forward proudly and say, "Look, we've got to put Australia's interests first, particularly when we're talking about the security of our people."

This is the number one priority, the number one thing a political and national leader must do — secure the nation, secure the safety of our people. And you really haven't got the luxury of doing anything but backing the Australian national interest always.

OAKES: Michelle Grattan, I know you have a question for the Prime Minister.

GRATTAN: Mr Howard, do you think the war on terrorism can be finally and definitively won? And if you do think that, what sort of time frame — 10 years say? And should Australia always be at the front line of that war or are the times, will there be times when you think, legitimately, we could say no to a United States request to a commitment?

HOWARD: Well, I can't put a timeline on it, Michelle. I'm not as optimistic as Mr Latham. He said three years a moment ago. That's the most incredibly optimistic prediction. I'd like to believe that he was right. I can't put a timeline on it. I think it will be ultimately won. I think it will be long and bloody. And we're dealing with a group of people that are outside the bounds of normal human behaviour.

Nobody could have been other than profoundly moved by those terrible pictures coming out of Beslan in Russia. People who will shoot children in the back, people who will behave in that kind of manner towards children are, of course, outside the bounds of human behaviour. And they're not the sort of people you can ever negotiate with. So the idea that we can somehow reach some kind of compromise is completely unrealistic.

We will continue, as we have already very effectively done, and that is to cooperate very closely with our friends in the region. We, after all, we did jointly chair a counter-terrorism ministerial meeting. We've invested \$36 million in a counter-terrorism establishment in Indonesia. We've signed nine memoranda of understanding on counter-terrorism. We have very extensive cooperation.

And as I said earlier, the relationship between the Australian Federal Police and our intelligence agencies and their counterparts in the region is the critical element in our

campaign. That is far more important. As for whether we would ever step back, that would depend entirely on the circumstances of each individual challenge, always assessing Australia's interest first.

OAKES: Your response, Mr Latham?

LATHAM: Oh, just to point out to the Prime Minister, earlier on, I said at least three years to win the war on terrorism, and Michelle mentions 10 years and it could take that long. But we need to see it through. But for me it makes the point about the three, five, 10-year commitment to actually win the fight, to see it through.

And Mr Howard has gone into this election campaign saying it's about trust. He won't bring the Australian people into his trust and say is he going to be there for the three years of the Parliament if he wins this next election. So I think that long-term commitment to Australia's security is essential. There's no point cutting and running into retirement. You've got to fight the fight and you've got to see it through. And Labor's got the strategy. We've been arguing that for a number of years, that we can do so much more on the home front, we can do so much more in our part of the world.

We can do so much better with wise counsel to our allies to win the war against terror. Do whatever it takes for as long as it takes to secure our nation. And I think that is the best approach we can muster for the benefit of the Australian people.

OAKES: Mr Howard?

HOWARD: Well, I can only repeat that we have been doing all of these things. This absurd proposition, to use the vernacular, you can't walk and chew gum at the same time, applies. Our capacity to deal with terrorism in our region has in no way been impaired by what we have done in Iraq or, indeed, has it been impaired by what we did in Afghanistan.

And I remind all of you that Afghanistan will be having free elections on the same day as we are on 9th October. And women will be having the vote at that election, I think, for the first time in many, many years, if at all. It is a reminder that, despite all the negative comment you can make, real progress in the war against terrorism.

OAKES: Neil Mitchell, your first question to Mr Howard?

NEIL MITCHELL, 3AW: Mr Howard, you mentioned Medicare in your opening comments. You didn't mention hospitals, but this is one of the areas that really worry the average person. Waiting lists are surely unacceptable in public hospitals. Waiting times in emergency departments: 48 hours and more is common. We seem to have reformed everything else — the labour markets, the currency markets — but you continue to say that hospitals are a state issue.

Do you accept that over the eight years you've been in power you have failed to fix the hospital system? That's one of your failures. And further, your Health Minister, Tony Abbott, has flirted with the idea of taking control of health, of hospitals, under the Federal Government, ending what is a ridiculous level of duplication. Will you do that? And if not, how will you fix the hospital system?

HOWARD: Well Neil, I don't regard hospitals as just a state issue. I regard hospitals administration as being the responsibility of the states. I accept and my Government accepts full responsibility for making a huge funding contribution and in fact, in most cases, we put more money into state hospitals than do the individual states themselves.

In the current hospital agreement, there's a 17 percent real increase over the lifetime of the agreement. And on top of that, there is a thing called the GST. Every last dollar of the GST — and I wonder how many people watching this program might not know — every last dollar of the GST goes to the states. And the whole idea of the GST in relation to the states was to give them an increased amount of money as the economy grew so they would have more resources to spend on hospitals and public schools and roads and all of those things.

The other thing that we are doing is we are strongly supporting the private health system. And the more money you put into private health insurance — and we are the party that is unconditionally committed to the maintenance and indeed the improvement of the incentives for private health insurance — the more you put into private health insurance, the greater the load you take off the public hospital system.

So on three levels, we are strongly supportive of public hospitals. We make our direct funding contributions through the GST. The states will have \$9 billion more over the five-year period we're talking about to fund public hospitals and public schools. And by supporting private health insurance, we're taking the load off the public hospital system. Our current arrangements, and I don't have any proposals to change them, leave the administration of hospitals with the states, with the Commonwealth making the contributions that I've mentioned.

OAKES: Mr Latham?

LATHAM: Neil, it's a really good point you've raised. As I've been getting around the country talking to doctors and public hospital managers, what they've been saying is there are three great pressure points on our public hospital system. The first is the \$1 billion funding cut out of Canberra, the \$900 million-plus funding cut that's come out of Canberra from the Howard Government. If we can put more money into public hospitals, obviously they will be better off.

The second pressure point has been the collapse in bulk-billing. I've been in communities where they've lost 30 percent to 40 percent of their bulk-billing. And the pressure has come on the emergency department of the public hospital. An extra 20 percent or 30 percent of people presenting just looking for the Medicare-type services they can no longer get from a bulk-billing doctor.

And the third pressure point has been the aged care crisis. So many people who are in the hospital beds, if they can be moved on to more suitable beds in the aged care system it would take an essential pressure point off the hospitals. So those funding cuts, the collapse in bulk-billing, the aged care crisis, if we can lift those pressure points, we'd have a much better hospital system for the benefit of the Australian people.

OAKES: Mr Howard?

HOWARD: Well, this funding cut of \$1 billion is a figment of the Labor Party's propaganda machine. There's been a 17 percent real increase. I don't know how that translates into a \$1 billion funding cut. Mr Latham talks about a collapse in bulk-billing. Bulk-billing has risen by four percent over the last six months. It's gone to just under 71 percent.

And as a result of the announcement I made last week, which incidentally makes GP attendance more affordable for all Australians... Mr Latham's policies discriminate against Australians who can't find a bulk-billing doctor. I mean, there are some people

who choose not to go to a bulk-billing doctor because they've had the same family doctor for years and for proper health reasons, they want to stay with that person. And the idea of saying to that person, "Well, you're not as deserving of some kind of support to make your consultations more affordable."

OAKES: Neil, a question for Mr Latham?

MITCHELL: Well, Mr Latham, you've told us what's wrong with the hospitals and you said that you will address the bulk-billing issue, which is a matter of debate. But you've given us a lot of detail about your policies on Medicare, still not on hospitals, but not much about hospitals. It seems to me to be a rather vague idea for a summit, which will get together a pool of money and decide how to dispose of it. It's very short on detail.

Will you guarantee that under Labor waiting lists will be reduced and waiting times will be reduced in hospitals? And if so, how do you guarantee to do it?

LATHAM: Well, in this campaign, we'll be outlining our hospitals policy, which is designed to bring down the waiting list. And it's going to be a very good strategy we're putting out in the campaign, which is all positive solutions for the Australian people. But just to come to that solution on bulk-billing: Mr Howard is saying that he's got a policy for the people who can't find a bulk-billing doctor. Well, I've got a policy — it's called Medicare.

And the purpose of Medicare is to ensure that we've got the availability of bulk-billing around the country. And bulk-billing now is 10 percent less than when Mr Howard came to government in 1996. We need to get the national rate back up to 80 percent. Investing in bulk-billing, providing incentives for doctors who do the bulk-billing. Putting in the Medicare teams, the salaried doctors and nurses that actually provide the service direct. And there's one thing about Medicare — if you haven't got the availability of bulk-billing, you haven't really got the guts of Medicare. And Labor will never give up, never surrender, never give up, on getting the bulk-billing rate back up to 80 percent where it belongs. It takes the pressure point off the public hospital system and it is one of the foundation stones of universal health care for all Australians that you can find a bulk-billing doctor, whether it's for your children or your parents, and you can lower those out-of-pocket expenses that are putting so much pressure on Australian families.

So we're going to have a good hospital strategy, but a big part of it is taking the pressure off the emergency departments by having decent bulk-billing rates around the country and we'll also be talking about resolving the aged care crisis, making a further contribution to again take a pressure point off our public hospitals. I mean, this is one of the big differences in the campaign. Mr Howard ... I mentioned John Anderson earlier on, he was saying the public support a two-tier system. They don't. Because if you're in the second tier, you end up with a second-class safety net, a second-class service. Labor believes in Medicare, which is one tier, world-quality health care for all Australians. And we'll never surrender, we'll never walk away from that commitment. We set up this system, we're proud of it, and we're going to bring it back to its full health.

OAKES: Mr Howard?

HOWARD: Well, with great respect, that's just all rhetoric. He doesn't have a policy in relation to public hospitals but he does have a policy to take a scalpel to the safety net, which is an integral part of Medicare now, and taking away the safety net is going

to do an enormous amount of damage to hundreds of thousands of Australian families.

We brought the safety net in this year and it means that if your out-of-pocket expenses for an average family for out-of-hospital services, particularly for specialists as well as GPs, goes over \$300 a year, you get 80 percent of the excess back. Now Mr Latham's answer for Medicare is to take that away. He's going to abolish the safety net. He says he cares about families, he says he's been going around the country talking to families. Well, I've been talking to families, they love the safety net. It gives them tremendous reassurance. It's a new element of Medicare, it's the biggest structural addition to Medicare in 20 years and Mr Latham is going to abolish it.

OAKES: Would you like to respond, Mr Latham?

LATHAM: Yeah, sure. You only need a safety net if you have turned Medicare into a high-wire act and the families are at risk of falling off. I mean if you've got the availability of bulk-billing doctors, you don't need a safety net, because people have got the guarantee of getting that service direct from their GP. So a safety net is outside the principles of Medicare.

Medicare is not about a second-class safety net and Mr Howard has got a big problem with his policy, because it's inflationary, it's being rorted by some doctors, it's blowing out in its cost. The very best thing we can do with the public's money is put it into Medicare, put it into the investments in bulk-billing that provide that service to the Australian people. So we don't believe in a safety net, we believe in Medicare and we believe in the availability of bulk-billing doctors and, if you do those things, if you get the system back to where it was, you don't need the safety net, you can actually invest and provide the bulk-billing service that matters so much to Australian families, getting those out-of-pocket expenses down and giving them the peace of mind that comes from Medicare.

OAKES: Malcolm Farr, a question for Mr Latham?

MALCOLM FARR, DAILY TELEGRAPH: Mr Latham, last week you said ... or you offered to lower income tax for lower-income earners. But to fund that you said you would have to increase at least five taxes. Now, that's not a particularly good advertisement for someone who says he'll take the harsh tax burden off families. Can you tonight say to us that in government you would not increase taxes and you would not create new taxes and can you be specific about what taxes that affect families you would eliminate or significantly lower?

LATHAM: Well, you've seen our tax policy, significantly lower income tax, provide the relief under \$52,000 that Mr Howard and Mr Costello said on Budget night couldn't be provided. That's our significant commitment, to provide tax relief for all Australian taxpayers. I mean, the hard workers on \$30,000, \$40,000, \$50,000 a year, they were all forgotten on Budget night. Labor's looking after those people by providing tax relief and, for families, ensuring that you've got significant benefits in the family payments, \$70-\$80 a week for middle Australian families. That's a very significant commitment to take the pressure off those families, to ease the squeeze on middle Australia.

In terms of our tax commitments, they're set out in the policy. We haven't taken the easy route in this campaign of just spending the money. We're actually identifying the savings, we're fully funding all of our commitments and ensuring that we keep the

budget in surplus. Our commitments on tax are to lower tax as a proportion of GDP, bring down government revenue as a proportion of the economy.

That's our commitment to lean, efficient government and, on top of that, no increase in company tax rates, no change to the capital gains tax and our most significant commitment, really, is solving the problems that Mr Howard left on Budget night, when he left 80 percent of Australian taxpayers out under \$52,000 a year. Our approach is tax relief for the many, not just the few, and provide the incentive and the economic growth and the productivity that can drive our nation forward in a fair and decent way.

OAKES: Response, Mr Howard?

HOWARD: Mr Latham's tax policy, so far from being fair on middle Australia, actually increases the burden for several hundred thousand Australian families. It's very punitive on stay-at-home mothers, those mothers who decide when their children are young that it's in the best interests of their children that they be at home full-time.

We believe in choice in this area, we don't mandate parental behaviour. But we do believe that where in a family the mother, or indeed the father, decides to stay home full-time to look after the children, they shouldn't be penalised and that particular group are very hard hit by Mr Latham's proposals. I mean, what is the justice of putting an additional burden of \$500 or \$600 on a single-income family with three children, one under five, where their income is \$30,000 or less? What is the fairness in hitting sole-parent families? There are many hundreds of thousands of Australian families who are badly disadvantaged by this tax package.

OAKES: Mr Latham?

LATHAM: Well, nine out of 10 families are better off on a weekly basis under our plan, and that's a significant boost, particularly for middle Australia. If people are on \$60,000, \$70,000 a year, they're going to be \$70 to \$80 a week better off under our plan than Mr Howard's budget plan. So these are significant gains.

And it's also about problem-solving. Mr Howard's left this problem of 600,000 Australian families with the family debts averaging \$1000. We're actually going to resolve the family debt crisis. We're also going to provide, for the first time ever in the tax system, two tax-free thresholds for the single-income family. This is the element of income splitting that Mr Howard has been talking about for 30 years, but I'm actually implementing. I'll be implementing that in government for the benefit of the single-income families, who are a mile ahead under our plan.

How can you talk about income splitting for 30 years, never do it and then criticise the Labor Party when we provide two tax-free thresholds — the first 12,000, no tax, for the single-income family. This is a good plan. It eases the squeeze on middle Australia and it's the right thing for the Australian economy.

OAKES: Malcolm, you have a question for the Prime Minister?

FARR: Mr Howard, Treasury told us last Friday that the prospect was that over the next four years budget surpluses would amount to \$25 billion. How can you continue to tell Australians that the Government can't afford to lower the excise on petrol so that it makes it cheaper for the family to run the car, pay for dental care so that pensioners don't have to go around without proper treatment, decrease the cost of going to university, a whole raft of things that directly affect families, but you have, for some particularly considerable period, said are too expensive to do?

HOWARD: Well, Malcolm, last Friday was good news for the Australian economy. Of course, what it demonstrated is the economy is running very strongly and that is very good news and, sensibly, last Friday the Treasurer announced that we're going to put some of the surpluses in future away in a special fund for the future.

I mean, I hear a lot of people saying to me as I go around the country "Yes, we'd like more money spent on services, we'd like more tax relief, but we also want to make sure, particularly with an aging population" and that is one of the big challenges that this country faces — how we manage the transition to an older population, maintain an appropriate level of services and also provide all the other things for the working-age population. And the Treasurer announced the establishment of a future fund which is going to, in effect, use some of the surpluses of today to help meet the expenses of tomorrow. Now I think that is very good national housekeeping and it's only been made possible because of what I said right at the beginning of this debate and that is that we've run a strong economy.

If you don't run a strong economy ... when the Labor Party was in office, they left us with \$96 billion of debt. They ran deficit after deficit after deficit. We've done completely the opposite. It's not a question of what you promise, it's what you do. Mr Latham can promise the earth, but if he doesn't run a strong economy, if we have bad economic management, he can't deliver any of those things. Now, during the course of the campaign, I'll be making a number of announcements. I've already made one, particularly in relation to workers over the age of 55, which would give them a tax break, and we'll be laying out some of our plans. But everything depends upon running a strong economy. If you don't do that, you can't achieve your promises.

OAKES: Mr Latham, would you like to respond?

LATHAM: Mr Howard's promising a future fund. I'll tell you the best future for Australian families — provide them with the relief and the improved family payments that let's them look after the household budget right now.

Raising children is the most important thing that's happening in this country and I think those families need the very best system of family payment support and they need tax relief. As I've been talking to families, they complain about the high level of tax, the highest taxing government in Australia's history, record levels of household debt, the family debt crisis out of the family payment system, the extra expenses, out-of-pocket expenses with the loss of bulk-billing doctors and all these extra user-pays in the education system. Families are screaming out for relief right now. They need the support right now.

We've got to ease the squeeze on middle Australia and make sure that tax relief's available under \$52,000 a year, 80 percent of the taxpayers who missed out on Budget night. And for goodness sake, clean up the mess of the family payment system. It's like a spaghetti bowl of complexity and debt. We've simplified it in our plan and provided significant relief for Australian families. That's the future fund that I want for Australia.

OAKES: Mr Howard.

HOWARD: Well, one of the elements that Mr Latham's policy is to take away that \$600 that people are receiving right at the moment, and what his explanation is, he says it's not real. Well, I've met plenty of Australian parents who say it's real. Mr Latham's party does not trust Australian parents with \$600 per child to spend on their children. I actually think it's a very good idea for parents to have a lump sum.

Sure, there'll be a small percentage that will waste it, but why should you penalise the 95 percent of Australian parents who do the right thing by their children, whose dedication to their children, concern for their children is the highest priority in their life and, getting \$600 coming along at the end of the year per child, you can do a lot with that, and that has been my experience and I think he's out of touch with the needs of modern parents in saying it's not real. It's real all right, and they know it.\

OAKES: Jim Middleton, your first question to Mr Howard.

JIM MIDDLETON, ABC NEWS: Mr Howard, musing about your future, I think it was on Perth radio in late June, 2000, you said, and I quote, "The Australian people are entitled to my candour on this."

What's changed in four years? Why were we entitled to your candour four years ago? Why are we not entitled to it now? Why should we trust you with returning to government again when you won't entrust to us your views about your future; why, when we won't know whether you're going to be around for three months, let alone three years?

HOWARD: Jim, as far as I am concerned ... I welcome the question, I welcome the question for the very simple reason that I love this job. I hope I do it well. I do my best. If the Australian people are good enough to re-elect me, I will continue in this job for as long as they want me to and as long as the Liberal Party wants me to.

One of the advantages I have is that I'm proud of my team. I have around me, in Peter Costello, John Anderson and Alexander Downer, to name but three, three people who, along with me, have been part of a highly successful government over the last 8.5 years. And I want to pay particular tribute to those three for the contribution they've made. The economic success that this country has had in the last 8.5 years is overwhelmingly due to the tremendous work of Peter Costello as Treasurer. He's a real asset to the Government.

There's nobody in the Government who understands the bush better than John Anderson. And I think the skilful way in which Alexander Downer has handled the job of Foreign Minister over the last eight-and-a-half years has contributed to the strong standing of this country and the respect that this country has around the world.

But I will, if I'm re-elected, I'll pour myself into the job, but I'll continue there as long as the Australian people and my party want me to. Now, that is my position. That is my candid statement to the Australian people. And those who know me, and that is I hope a lot of Australians, know that there is nothing that I want to do more than go on serving the Australian people in this position.

OAKES: Mr Latham, your response.

LATHAM: Well, I'm proud of my team as well, I love them all. But as the leader of the team I make a full commitment to be there for the long haul and the benefit of the Australian people. From my perspective, I'm 43 years of age, I feel like I'm in the prime of my life, I've got a lot to contribute for the future. And I think of the high office of Prime Minister and I think what an honour, what an opportunity to do great things for the Australian people and to bring them into your trust, to let them know what you plan to do in the future.

And Mr Howard has been around in politics 30 years, he must know what he plans to do if he wins the election. Twelve months ago he said he almost gave it away. I think he really should bring the Australian people into his trust and say, "Look, this is the

way it is." If it's 18 months and then he hands over to Peter Costello, then just say that. I think people will respect him more for just being direct and straight about his own future and, if it is Mr Costello, the public's got the right to know.

I think in a democracy, one of the most important principles is you've got to know who and what you're voting for. If you haven't got that, what you've got is one big risk that you might vote for someone but you end up with a different kettle of fish, someone you didn't want, you didn't vote for and you weren't told about

OAKES: Anything you'd like to add, Mr Howard?

HOWARD: Yes, I can simply say that if I get re-elected, I know what I want to do and that is go on serving the Australian people and implement the plans that I'm going to take to them. But I will be re-elected not as a one-man band, I've never been a one-man band. I've always led a team and I think that team is a real asset and I know there's a preoccupation with ... in the Labor Party ... with attacking some of them. I don't know why they do so, because the more they attack them, the more they elevate them, because we have together had the honour of leading Australia and that is the approach that I will bring if I'm re-elected as part of a very powerful team.

OAKES: Jim, a question for Mr Latham.

MIDDLETON: Mr Latham, the word "liar" has been thrown around very freely during this campaign. For instance, you've called Mr Howard a liar for changing his mind on his "never ever" pledge on the GST.

But you changed your mind between Lateline and lunchtime on the question of the capital gains tax and the family home. Last Tuesday lunchtime, you told us that nine out of 10 Australians were going to benefit from your family tax package. By dinner time, it was seven out of 10 Australians. You changed your mind. And why should we entrust you with the government of this country? Aren't you, by your own definition, a liar?

LATHAM: Well, no, Jim, we were up-front at the presentation of our tax and family plan about how the statistics added up. Nine out of 10 families better off on a weekly basis and when you looked at the annual figures, seven out of 10 better off, if you wanted to include Mr Howard's \$600 lump sum.

But from a Labor perspective, for a long, long time we've been very critical of that \$600 payment. Why? For a lot of families, they never really get to see it, because it's eaten up by the family debt crisis — the 600,000 Australians with a debt averaging \$1000, a lot of them won't get to see this payment at all.

The other thing is the tricky thing that the Government did with the indexation arrangements for family payments — they move from the wage-based system to the less generous CPI and that \$600 value will reduce to zero in a number of years. And the other problem is — and this is where Mr Howard needs to get around the kitchen table and look at how families do their budget — they need the support and the payments as the bills come in, as the bills for the clothes, the food, the nappies, the sporting and school equipment — they all come in on a fortnightly basis, so we'll make the payments and the resources available on a fortnightly basis, to match up against the real-life circumstances of Australian families.

You know, if there's people in the Liberal Party who can go down to Woollies once a year and buy their groceries and use the lump sum ... the reality is you've got to pay that money as the bills come in. And we made it quite plain. It's consistent with the

way the Government presents its figures. On a fortnightly basis, you wouldn't include the \$600 lump sum — that's an annual basis — but on the annual figures you would, because it is just that, an annual payment.

So we were up-front about that and I think families can understand in their real-life circumstance, especially if they've got the debts, especially if they need the money on a fortnightly basis, especially if they're worried about the indexation swindle, that Labor's got the right approach and many of the answers they need in their strapped financial circumstances.

OAKES: It's your turn, Mr Howard.

HOWARD: Well, two things. Firstly, Mr Latham wasn't up-front at the beginning — he gave the impression that nine out of 10 were better off and then he was forced into qualification. But let's move on from that. It's never a lie to change your mind, particularly if you submit yourself to the Australian public after you've changed your mind, and that's what I did in relation to the GST. I was up-front. I had an election. I said I'm going to introduce an GST — a bit of bark was taken off me in the process, but the Australian public endorsed it.

And can I just say one other thing on the \$600? Can I repeat? To say to the parents of Australia that you're not capable of knowing how to spend \$600 on the most important people in the world to you, your children, is an insult. And it's an insult to 95 percent of Australian parents who do the right things by their kids.

OAKES: Mr Latham?

LATHAM: Well, it's hardly an insult to say that as the bills come in on a fortnightly basis, that's when Labor will make the financial support available. We've provided very, very significant improvements in the family payment system. Instead of three systems, there'll be just one. Instead of so many families being riddled with debts and having the nightmare of arguing with Centrelink about it, we'll all but eliminate those debts through massive improvements in the system — pushing the means test threshold out to \$50,000, abolishing FBT, which has been a great debt generator.

We'll do these things that actually solve problems. And as I talk to the families and they're doing their sums and trying to pay their bills, they need solutions, they need the improved financial assistance, our extra \$70-\$80 a week for middle Australian families, they need an answer to the family debt crisis and a lot of them, the single-income families, they need the elements of income splitting to reward them for their effort and give them real-life choice.

I really respect the choice of parents who want to stay at home and look after their children while the other parent goes out to earn money. We've got to foster those choices and that's one of the big goals of Labor's better family payment system.

OAKES: Mr Latham, a question on education. Your policy involves scrapping the 25-percent HECS rise allowed under the Government's legislation and abolishing full-fee degrees. So, where would you get the money to give universities the funds they need? Would the result be cutbacks in university funding?

And on schools, there's a high level of anxiety in the independent school sector over what would happen to funding arrangements under Labor. Will you end that uncertainty before the election so parents know when they vote what's going to happen with their school?

LATHAM: Oh, absolutely, Laurie. We'll have the full detail of our school funding plan out in the course of the campaign. But it's based on this very important principle that we will maintain the overall funding for non-government schools, but we'll have a fairer pattern of funding distribution, so there's more resources for your battling Catholic, independent and Christian schools.

Now sure, Geelong Grammar and the King's School with their massive resources, they're going to receive a reduced Federal Government contribution, but in the name of fairness, we've got to do that. If you want to get the money to where it's needed — the needy Catholic, independent and Christian schools in the non-government sector — you've got to do that. And the other thing you've got to do is provide extra resources for the battling government schools. I mean, the choice that I want for Australian parents is to know that whether they send their children to a government or non-government school, it's gonna be a good school, it's gonna be a high achievement school that gives parents one of the best guarantees in life, that their children can climb the ladder of opportunity and get ahead through their hard study and their academic achievements. So in school funding, we can do a lot better than Mr Howard's unfair funding system and that's what Labor aims to achieve.

For the universities, we're putting extra resources into the indexation of funding — an extra 20,000 university places, \$150 million regional fund for universities that have missed out and also \$450 million for universities in the 21st century. So overall, we have shown that the university system in Australia will be better off for ending the user-pays system, for stopping the 25-percent increase in HECS, for abolishing the full-fee system. I mean, I never thought in this country we would be talking about \$100,000 university degrees. But under Mr Howard, that's what we've got.

Labor will end that and put a bit of fairness back into higher education, so that those students working hard tonight on their books and their computer can get their best chance in life, go on to a university degree based on their merit, based on their hard work, not on their parents' wallet.

OAKES: Mr Howard?

HOWARD: Well, it's pretty obvious from that that there's a fundamental divide between the Labor Party and the Coalition on the issue of school funding. We believe absolutely in the right of parents to decide what is the best schooling for their children.

And it's got to be remembered that whenever a parent sends a child to a non-government school, it takes a load off the taxpayer. It costs on average \$10,000 a year to educate a child in a government school. And in the case of a school like King's, the maximum amount coming from the Federal Government is the equivalent of about \$2000. The growth in independent schools over the last few years has not been in schools like King's or Geelong Grammar, it's been in the low-fee schools in the outer suburbs of Sydney where the average fee is about \$2000 a year. Mr Latham has a hit list and it's about time that hit list is published, so the parents of independent school children know exactly where they stand.

OAKES: Mr Latham?

LATHAM: Well, I know many of those low-fee, non-government schools — they're in my electorate. And we'll be supporting them with the extra resources. The King's School that Mr Howard mentions is a very fine school, but the truth is it's rolling in

resources — it's got playing fields and buildings and endowments that are way beyond the expectations of 99 percent of the schools in this country.

So surely the fair thing to do is to say, if you're overfunded, let's get the resources to where it's really needed. Let's get it to the battling non-government schools that need that extra funding and, for the government schools, let's give parents one of the most important guarantees in life — that if you send your kid down to the neighbourhood school, it's gonna be a good school, it will have the resources, the teaching expertise, the discipline, the standards, the values and the pride in excellence and achievement, to give those kids a good chance in life.

The reason I'm here tonight is I got those opportunities through two great government schools. But I look at so many of those schools today and I see the need for more funding support and that's what they'll get under a federal Labor government.

OAKES: Mr Howard, you once promised that there would be no \$100,000 university degrees. And as Mr Latham said, we now find degrees, courses that are going to cost more than that, up to \$117,000 in one case at least. How do you justify that? And on schools, what have you got against supporting schools, government and non-government, on the basis of need?

HOWARD: Well, Laurie, the remark I made about the \$100,000 was in the context of HECS-funded places. Mr Latham knows that and others who look at the context of the remarks will know that. The \$100,000 fees are those that are full-fee-paying ones. Foreigners can pay to get into Australian universities now. And what we are providing is the same opportunity for about less than two percent of the total number of places in universities for full-fee-paying places, supported by a loan scheme. And any suggestion that the average person would have to pay \$100,000 is absurd.

The average contribution of the student under the HECS scheme will rise, under our proposals, to about 28 percent, so that 72 percent of the HECS-funded place will still be borne by the taxpayer. Now as far as schools are concerned, my philosophy is one of choice. At the moment, 68 percent of Australian schoolchildren are educated in government schools.

I am the product, proudly the product of the NSW Government education system and I'm very grateful for the education I received at Earlwood Primary School and Canterbury Boys High School. But I believe, both as a parent and as Prime Minister, as a citizen, that because of the values involved in education and the culture of education, I believe it is fundamental that people should have the right to determine how their children are educated and in what environment. That is why we introduced the new schools policy. If it hadn't been for us, all these schools, these low-fee - paying Christian and other schools that Mr Latham speaks of, many of them wouldn't exist because there's been a huge expansion of them under our new schools policies at very low fees and the Labor Party was very much opposed to that policy when we brought it down in 1996.

OAKES: Mr Latham, you get to respond.

LATHAM: Well, there you go. Some people say that Mr Howard and I have nothing in common. We both come out of the government school system, how about that? And it's a great tribute, isn't it, that the Prime Minister and the alternative Prime Minister are products of public education in this country. Well, all the more reason to back our government school teachers, to back the schools with resources.

I remember Mr Howard earlier this year saying that they lacked values and standards. There's a lot of schools that need improvement, but there's a lot of teachers doing the right thing. And I give them this commitment — I'll never be standing on the sidelines as a carping critic of those schools. If there's a problem, I'll be stuck in to fix it.

And Mr Howard also made a point about higher education — he said the overseas students pay the full fees. Well, so they should. They've never paid Australian taxes. But if you're in this country and you've been paying your taxes under the highest-taxing government in Australia's history and your kid's getting good results at schools, they're head down, bum up getting the study done and they want to go on to university, well, surely they should have that opportunity in life with affordability in the higher education system.

I'm not worried about people from overseas paying the full fees. I don't want Australians, the sons and daughters of Australian taxpayers, doing it and it won't happen under a Labor government.

OAKES: Mr Howard?

HOWARD: Well, I certainly support teachers. I have no alternative — I married one. But the other important thing to say about this whole issue is to get it back to choice. I mean in the end, it's parents who should decide where their children are educated and once you violate the principle that every time a parent decides to send their child to a non-government school, they should have some recognition of that through some level of funding, then I think you are a long way down the path towards a situation where, eventually, you eliminate state aid or government assistance to certain non-government schools.

Now I think that is a wrong principle, because no matter what school it is, I think you're entitled to a certain amount of recognition from the government. And then the level of that recognition should be according to need and that is exactly what our policy is at the moment and Mr Latham threatens it.

OAKES: Gentlemen, the time has come for closing statements. Mr Howard, you get to go first.

HOWARD: Can I say to my fellow Australians that when I became Prime Minister in 1996, I inherited a very big government deficit in the budget. And over the last 8.5 years, it's fair to say, and even our critics acknowledge, that we have managed the Australian economy well. We've seen employment rise by 1.3 million. We've seen interest rates at their lowest level in 30 years. That means that paying off a home is easier now than it would have been if the old rates had retained. We've seen business investment climb. We've seen real wages rise by over 13 percent. And the main reason they have risen by so much, in other words, the main reason why we're being able to pay ourselves more without creating more unemployment, is that we've run an industrial relations system based on high productivity.

Now that will be threatened if there's a change of government, because the Labor plan is to hand back control of the industrial relations system to the union movement and we'll go back to a situation where you have inflation, the wage rises and, if that happens, the retaliation from the Reserve Bank will be a lift in interest rates.

We've heard a lot from Mr Latham tonight about promises. You can't deliver promises unless you run a strong economy. You can't deliver promises unless you keep the budget in surplus. When Labor was last in government, the budget was deep in

deficit. We've had a remarkable record over the last 8.5 years, we've paid off something like \$96 billion of government debt and that's given us \$5.5 billion a year to spend on health and education and family benefits and taxation relief.

The other issue to consider, of course, is that of defence and national security. Everything about the future depends on us maintaining a strong stand against terrorism and giving this country strong defences. Unless we have a strong economy and we're strong on national security, nothing else can be achieved, and those two things are fundamental to the future of our nation.

OAKES: Mr Latham, your statement to close the debate?

LATHAM: Well, there's no doubt about Mr Howard, he's got the scare campaigns. I think we've actually got to talk about the future in a positive way. I'm optimistic about what we can achieve for Australia's future and I'm proud of the fact that in this campaign we're offering the Australian people clear choices.

There's Labor's plan for national security, which is about getting it right in our part of the world, versus Mr Howard's strategy, which has been more about the other side of the world than security in the region. There's Labor's plan for tax and family, which is about relief, 100 percent of taxpayers getting relief, families receiving significant financial benefits, easing the squeeze on middle Australia, versus Mr Howard's plan, which is tax relief for just 20 percent, the few rather than the many in the Australian economy.

And on health policy, we're dead-set committed to restoring bulk-billing to 80 percent, as one of the foundation stones of Medicare. We don't believe in a two-tier system. We don't believe in a second-class safety net. And on education, it's been a good debate and I think an instructive debate tonight. Because the Labor approach is about opportunity — fair funding for our schools, 20,000 extra TAFE places, 20,000 extra university places, stopping the 25 percent HECS increase and getting rid of those full fees.

So in these areas, Labor's got the commitments that make a difference. It's not about user pays, it's about opportunity, it's about affordability, it's about easing the squeeze on middle Australia. These are fully funded commitments. We're going to keep the budget in surplus. We're going to do everything we can to put downward pressure on interest rates.

And Laurie, if I can just mention one issue in closing, it's this question of truth in government. I believe in it. And I think we need a government that always tells the Australian people the truth. I want for the Australian people a government that's as good as the people themselves — honest, hard-working, sincere, fair dinkum Australian — and that's why I'm asking for the support of the public on 9th October.

OAKES: Gentlemen, thank you very much. I would also like to thank my colleagues on the panel who I'm sure join me in wishing both of you the best of luck. And to you, our viewers, thank you for being with us and goodnight.

Source: Transcribed from broadcast 12 September, 2004, Channel Nine