

The Great Debate: Paul Keating, Prime Minister (ALP) and John Hewson, Opposition Leader (LP)

Moderator: Kerry O'Brien, ABC, March 7th 1993

KERRY O'BRIEN: Welcome to the second of the Great Debates of the 1993 election. The last time Prime Minister Paul Keating and Opposition Leader John Hewson meet face to face before you vote next Saturday.

I am Kerry O'Brien and I will be moderating this discussion here in the ABC's Sydney studios.

By mutual agreement we have discarded the straight-jacket formality of the first debate, this time the only restriction on time is that each of the leaders must finish answers to any question within two minutes. Although they shouldn't feel compelled to use the whole two minutes.

It's my job to see that we get through as many questions as possible in the next hour, that we stick to the point, if that's not too forlorn I hope, and that by the end of the debate, both men will have had roughly equal time. They have also agreed on the right to ask questions of each other if the urge arises. So let's get down to it.

Last time John Hewson won the toss, this time it was Paul Keating's turn. He has won the toss, so although my first question will go to both of you John Hewson will be accepting it first.

John Hewson, I heard a comment on talk back radio the other day that neatly summed up the attitudes of many Australians today. This person described the two of you as bulldust in stereo. So what is the core difference between you both that people still seem to have missed?

JOHN HEWSON, OPPOSITION LEADER: Well the main difference is of course, that we have a plan, a detailed plan for the future of Australia and the government doesn't.

They have been there for ten years and all we have is an economy of queues. Dole queues with over a million unemployed. Hospital queues, over 100,000 who can't get treatment in hospital. Education queues with kids who can't get into university or can't get into Tafe colleges or can't get apprenticeships even though they have qualified.

KERRY O'BRIEN: But they still think that, as I say, bulldust in stereo. And that's evidenced by the fact that apparently, according to poll, 16% of people still haven't made up their minds.

JOHN HEWSON, OPPOSITION LEADER: Well the undecided vote is high, it's true. I am not sure it's that high but I think people are in the process of making up their mind and the choice will come down to a group that's been there for ten years. They have had their way for ten years.

I mean the Prime Minister says he has had the reserve bank in one pocket and the Treasury in the other and he has pulled all the levers and that hasn't worked. And then we have got the worst situation since the great depression.

And the comparison is ourselves which is, we have a plan and have been open and honest about it. We have laid it all out for people and we have set the agenda now for three years. We have argued all the tough decisions.

KERRY O'BRIEN: But you still haven't convinced a lot of people.

JOHN HEWSON, OPPOSITION LEADER: Well we will see next Saturday.

KERRY O'BRIEN: Okay, same question Paul Keating, bulldust in stereo, what's the core distance, core difference?

PAUL KEATING, PRIME MINISTER: I don't think it's about us.

I think it's about what kind, I think the real issue will be what kind of society Australia will be in ten or 20 years time. Because this election is deciding that. And I think that all of those Australians, our values, of tolerance and a fair go are basically at risk at this election because we have been through a recession, an international recession. We are coming out of it, we have turned the corner.

KERRY O'BRIEN: I think yours came first.

PAUL KEATING, PRIME MINISTER: Yeah, we are coming out of it, we have turned the corner. And I believe we don't want to go to a dog-eat-dog, survival of the fittest society. That is because we have been in a recession we throw of all of the values the nation has had of decency, tolerance, fairness, fair go. Throw it all to one side to go for a set of values which says if you are socially fit and financially fit you are right but if you are not you are out. A dog-eat-dog mentality.

What I would say Kerry is this. We want to see Australia progress without wrecking Medicare. We want to see Australia progress without throwing away the wages and conditions of Australians to go to sort of Asian wage rates. We want to see Australia progress without massive cuts to the social wage, to education, to hospitals, to schools and we want to see it without an unnecessary, burdensome, killing GST.

KERRY O'BRIEN: Okay.

JOHN HEWSON, OPPOSITION LEADER: Can I ask a question. What's fair about a million people being unemployed or 700,000 kids living in houses where neither parent has a job. That's one in five kids under the age of 14 who live in a house where neither parent has a job. What's fair about 100,000 people that can't get treatment in hospitals? What's fair about all these kids who can't get a university education or Tafe education or apprenticeships. I mean where is the equity and the social justice ...

KERRY O'BRIEN: How long is the question.

PAUL KEATING, PRIME MINISTER: Yeah, and what's fair about a flat rate of tax on someone on unemployment benefits or low incomes who pay exactly the same rate of tax as a millionaire. What's fair about that? What's fair about, what's fair about saying to kids, if your mother and father can afford to send you to university you will get a place, if not you won't get a place.

JOHN HEWSON, OPPOSITION LEADER: That's not our policy.

PAUL KEATING, PRIME MINISTER: What's, what's fair about saying to a 16 or 17 year old ...

KERRY O'BRIEN: Well hang on. Let's take the education. What is your policy?

JOHN HEWSON, OPPOSITION LEADER: In terms of ...

KERRY O'BRIEN: Briefly.

JOHN HEWSON, OPPOSITION LEADER: ... places, more places, more taxpayer funded places at university, 220,000 more places at Tafe college. More apprenticeships. And sure, I mean, after all those additional taxpayer funded places are provided we will allow universities to charge fees and why shouldn't we because right now they can charge fees to foreign students ...

KERRY O'BRIEN: Well they ...

JOHN HEWSON, OPPOSITION LEADER: A foreign student can get into our universities today where an Australian student can't even though the kids are qualified. Where is ...

KERRY O'BRIEN: Will they set the fees?

JOHN HEWSON, OPPOSITION LEADER: Yes and where is the equity ...

KERRY O'BRIEN: They will set the fees?

JOHN HEWSON, OPPOSITION LEADER: ... in that. Where we are keeping the HECS scheme, we are adding the number of, adding to the number of tax funded places and then over and above that we are giving people a chance to get a university education where today they are denied it yet a foreign student can come into Australia and get an education one of our kids can't.

PAUL KEATING, PRIME MINISTER: Kerry, what John wants to do is to turn universities into business organisations. The government has created the equivalent of 19 universities of an average campus size of 10,000. That's 190,000 places, a 65% addition to university places in the last seven years.

JOHN HEWSON, OPPOSITION LEADER: Which is 60,000 short.

PAUL KEATING, PRIME MINISTER: Now just hang on, let me just tell you this.

I also allocated a \$730 million in the One Nation project, statement, to technical and further education, vocational education. You said it was profligate. We say there should be a national vocational education system for kids, we have built it up for them when they leave school, if they wish to vocationally educate themselves they can go into it.

You say they can only go with a voucher. A 16 to 17 year old kid with a voucher trying to design for themselves a TAFE course in colleges that don't exist because you wouldn't commit the \$730 million.

KERRY O'BRIEN: Okay, very brief, John, because I don't want to, I don't want us to get bogged down for too long on one issue when we have got many, but just tell me this very briefly.

John, is there anywhere in the world where a voucher system similar to yours has actually worked effectively?

JOHN HEWSON, OPPOSITION LEADER: Don't misrepresent the voucher system. We are giving vouchers to young people who get their first job.

KERRY O'BRIEN: Yeah but does the system work anywhere else in the world?

JOHN HEWSON, OPPOSITION LEADER: Why, look, I don't even think it matters. I mean, we have designed a system that works in Australia.

KERRY O'BRIEN: Okay.

JOHN HEWSON, OPPOSITION LEADER: And don't forget the vouchers are going to go ...

PAUL KEATING, PRIME MINISTER: The vouchers...

KERRY O'BRIEN: Hang on Paul.

JOHN HEWSON, OPPOSITION LEADER: ... who presently can't get a job. They will get a job at our youth wage, our youth training wage. They will get a voucher for a Tafe course and they will get on the job training and that's better than our kids being couch potatoes. That's the choice that the government is giving them.

KERRY O'BRIEN: Okay but yours is a first. Yours is a first?

JOHN HEWSON, OPPOSITION LEADER: Well I am not sure.

PAUL KEATING, PRIME MINISTER: A world first. A world first. They have never worked anywhere.

JOHN HEWSON, OPPOSITION LEADER: Well so we should set the pace.

PAUL KEATING, PRIME MINISTER: Kerry, oh, set the pace. If you are going to give a voucher to a kid on \$3.00 to \$3.50 an hour ...

KERRY O'BRIEN: You have got ten seconds.

PAUL KEATING, PRIME MINISTER: ... and if they are not on \$3.00 to \$3.50 an hour they don't get a voucher.

JOHN HEWSON, OPPOSITION LEADER: It's just a training wage.

PAUL KEATING, PRIME MINISTER: Can you imagine 16 and 17 year old kids trying to design for themselves a course in institutions which you won't fund, in other words ...

JOHN HEWSON, OPPOSITION LEADER: But their employer can design a course.

PAUL KEATING, PRIME MINISTER: ... they have got to develop, in other words they have got to be a commercial development of TAFE to take kids ...

KERRY O'BRIEN: I am going to, I am going to chop, we could spend an hour on any one of these issues but I am going to chop in.

PAUL KEATING, PRIME MINISTER: It's absolute rubbish.

KERRY O'BRIEN: I am going to chop this one off here.

Paul Keating, you have made noises that are beginning to sound like an apology in the past few days. This may be the biggest audience you will ever have again so in plain language can you spell out the extent to which you do owe this country an apology?

PAUL KEATING, PRIME MINISTER: Kerry look, the thing is this. I, I, when this economy was running at an unaffordable rate, when credit growth was twice our capacity to produce, when we were absolutely deluged with imports I took the decision to slow the economy down.

Australia would have been into a recession now, no matter what had happened. The whole of the international economy went into recession.

KERRY O'BRIEN: But you acknowledge that that recession would not have been as bad?

PAUL KEATING, PRIME MINISTER: Just a second, United States, Britain, Canada, New Zealand, Europe, Japan, are all in recessions. And in recessions because the boom in the '80's was unsustainable.

We would have been in a recession. What we would have been debating now is the depth of it. Now, I mean, in hindsight I would have brought interest rates down faster. But again, I always had to have the Reserve Bank to agree to do that.

But the key thing is, the key point is we are growing again. The Australian economy has been growing now for five consecutive quarters.

KERRY O'BRIEN: Paul ...

PAUL KEATING, PRIME MINISTER: Now, hang on.

KERRY O'BRIEN: ... for a lot of people out there the key point right at this minute in regard to this question is are you sorry?

PAUL KEATING, PRIME MINISTER: Well Kerry ...

KERRY O'BRIEN: Do you owe them an apology?

PAUL KEATING, PRIME MINISTER: Kerry, I have said, I have taken responsibility as both, when I was Treasurer and as Prime Minister. But I have also took responsibility when I became Prime Minister to get the economy restarted which I have done. We have been growing now for five consecutive quarters and last week the Australian statistician revised up the growth for the year to 2.4%.

We are now growing faster than any western economy. Now that's, that's undeniable. And I don't think even John, even Dr. Hewson will seek to deny that we have grown now for five consecutive quarters. Because he did say two weeks ago we are going to go into a double dip recession, which he knows is untrue because we are growing strongly and we are growing faster.

And that's where the employment will come from.

JOHN HEWSON, OPPOSITION LEADER: Look Kerry saying ...

KERRY O'BRIEN: Are we going into a double dip recession?

JOHN HEWSON, OPPOSITION LEADER: Kerry, saying he is sorry will not create one job. I mean, if he apologised to one hundred ...

KERRY O'BRIEN: Oh don't [?1 word] John, somebody prepared to say they are sorry for a mistake.

JOHN HEWSON, OPPOSITION LEADER: If he apologised to 100 of the unemployed per day it would take him over 27 years to apologise, there would still be no jobs.

He has no plan to create jobs. That's what this election is about. It's about economic management and whether or not they have got a plan compared to our plan for creating, creating jobs and solving the unemployment problem.

Now, we can do that. As far as the double dip recession goes, there is no evidence to suggest that we are in strong growth, none whatsoever.

PAUL KEATING, PRIME MINISTER: John, what about the five quarters...

JOHN HEWSON, OPPOSITION LEADER: There is plenty of anecdotal evidence ...

KERRY O'BRIEN: What is the evidence that we are headed for a double dip recession which you have now said on at least a couple of occasions?

JOHN HEWSON, OPPOSITION LEADER: I said we are in danger of double dipping because we have seen some pretty, pretty poor profit figures. We have seen some pretty poor motor vehicle registration figures, we have seen some pretty poor building figures.

And I think there is a lot of other anecdotal evidence that suggests that ... Employers are still laying people off, they are still laying them off.

KERRY O'BRIEN: How many other economists in Australia are agreeing with you and Peter Reith that we are facing the potential of double dip recession.

PAUL KEATING, PRIME MINISTER: None, not one.

JOHN HEWSON, OPPOSITION LEADER: Let me just go back, when we predicted there would be a recession, in the last election campaign, nobody agreed with us. When we said it would be the worst recession in 60 years nobody agreed with us. We were right both times and we are still right when we say this economy is not out of recession. It is still bumping along the bottom at best and although growth picked up it is quite possible that in the December quarter growth has slowed down.

And he knows it. I mean he would be the last bloke to tell you. At the last election campaign he guaranteed there would be no recession.

PAUL KEATING, PRIME MINISTER: Kerry, the Australian statistician's quarterly national accounts have us growing for five consecutive quarters.

Last week the statistician said we are growing at 2.4%. That happens to be the fastest in the world at the moment.

KERRY O'BRIEN: That's 15 months John.

PAUL KEATING, PRIME MINISTER: That's right.

KERRY O'BRIEN: Is that, is that not credible.

PAUL KEATING, PRIME MINISTER: 15 months.

JOHN HEWSON, OPPOSITION LEADER: There is no significant growth there at all and he knows it.

PAUL KEATING, PRIME MINISTER: Oh come on, that's denying, that's denying, look, it's denying ...

JOHN HEWSON, OPPOSITION LEADER: They have done their budget forecast on 3%.

PAUL KEATING, PRIME MINISTER: Look, Kerry, that's denying the undeniable. It's denying, it's a bald faced denial of the undeniable. And as well as that...

JOHN HEWSON, OPPOSITION LEADER: Tell the unemployed that.

PAUL KEATING, PRIME MINISTER: And as well as that we are slated to pick up to towards 3% to 4% next year. Even our opponent, access economics, who did the work on Dr. Hewson's policies say we will be growing 3% to 4% next year. The Economist magazine has us at the front of other western nations growing at 3%.

The jobs started coming through in those January job figures. We are off, we are off, we have turned the corner and we are going.

JOHN HEWSON, OPPOSITION LEADER: Look, and there are private forecasters saying that unemployment could go to 12%, and you know it because the unemployment numbers have not ...

PAUL KEATING, PRIME MINISTER: I don't ...

JOHN HEWSON, OPPOSITION LEADER: ... they have not yet see the impact of school leavers. The school leaver impact hasn't come through to the unemployment numbers. We have seen some pretty bad anecdotal evidence about people shedding jobs.

KERRY O'BRIEN: But that's school leavers, that's school leavers and you get that ...

JOHN HEWSON, OPPOSITION LEADER: They still want jobs.

KERRY O'BRIEN: You get that every year. That may be so but that doesn't mean the economy is not growing.

JOHN HEWSON, OPPOSITION LEADER: But the economy is not growing, look, there has been some measured growth but it's been sporadic. Stop building a little bit ...

PAUL KEATING, PRIME MINISTER: Kerry, Kerry ...

JOHN HEWSON, OPPOSITION LEADER: ... very flat, we have got very flat consumer expenditure for example. We have got a retail, we have got motor vehicle registrations which I think are about as low as when he came into office. We would have to look at the number.

But I mean the economy is as flat as a tack. Investments at or near it's all time low.

KERRY O'BRIEN: You have got, you have to 20 seconds response.

PAUL KEATING, PRIME MINISTER: Well how come I have only 20?

KERRY O'BRIEN: Well, that's alright we will sort this ...

PAUL KEATING, PRIME MINISTER: Kerry, Kerry, look, the thing is this. How would a \$24 billion spending tax help?

I mean the key thing is if the economy needs more spending and more growth how could an, a spending tax, a GST raising \$24,000 million, equal to over half the income tax of Australia, how would that do other than push us back into a recession, cut activity, cut spending, cut sales, cut employment.

JOHN HEWSON, OPPOSITION LEADER: He knows it, he argued the opposite case in 1985...

PAUL KEATING, PRIME MINISTER: GST, Kerry, is bad for jobs. It's bad for business. It's poison for small business. Absolutely poison for small business.

KERRY O'BRIEN: Okay, you've ...

PAUL KEATING, PRIME MINISTER: There is 836,000 businesses out there. Only 90,000 of them get anything out of Dr. Hewson's policies. The other 730,000 carry a GST around their neck like a ball and chain.

KERRY O'BRIEN: You have introduced the GST. Let's get on to the GST, I would like to deal with it for a couple of minutes with Dr. Hewson.

JOHN HEWSON, OPPOSITION LEADER: I would like to say one thing.

KERRY O'BRIEN: Very briefly.

JOHN HEWSON, OPPOSITION LEADER: In 1985 he argued the exact opposite of everything he just said.

KERRY O'BRIEN: Well you have said that.

PAUL KEATING, PRIME MINISTER: Different time, different policy.

KERRY O'BRIEN: Hang on, hang on.

JOHN HEWSON, OPPOSITION LEADER: And today he is saying ..

PAUL KEATING, PRIME MINISTER: Different policy.

KERRY O'BRIEN: We will get back to that.

JOHN HEWSON, OPPOSITION LEADER: Really?

KERRY O'BRIEN: Yep.

PAUL KEATING, PRIME MINISTER: Different time, different policy.

JOHN HEWSON, OPPOSITION LEADER: That's not what you said in '85.

KERRY O'BRIEN: We will argue that again in a moment.

John Hewson you have had a bad run on the GST in the past week or so. Labor's negative campaign has bitten to some degree. Suddenly you announce that you will have a GST summit if you are elected. Everyone can sit at the table.

But will you be prepared to change any of the fundamentals?

JOHN HEWSON, OPPOSITION LEADER: No, and the policy was announced that the idea of a community panel, and this would be the first meeting of that, a forum to establish that panel was announced in December last year. We didn't suddenly decide.

But what we are saying to people is look, the GST doesn't come in until October 1994. We have said consistently that we will need to take the community with us into that period, that people will have to be educated in detail as to how it will affect their business, how it will affect their lives, when they get their tax cuts, when they get their pension increases, when they see the abolition of payroll tax and so on. And the best way to do that is to pull the community together.

And after the divisive election campaign ...

KERRY O'BRIEN: Yeah, hang on, hang on.

JOHN HEWSON, OPPOSITION LEADER: Hang on. After the divisive election campaign this guy has run where he has divided ...

PAUL KEATING, PRIME MINISTER: Hang on, no hang on a minute, hang on ...

JOHN HEWSON, OPPOSITION LEADER: ... it's important that we pull people together in pursuit of that common goal which is reform.

KERRY O'BRIEN: Alright. You won't vary the rate of 15%. Would you add to the list of exemptions?

JOHN HEWSON, OPPOSITION LEADER: No, I don't believe we will. There are a few details being discussed with various industries as to where you precisely draw the line but they are very small, they are minutia. Their list of exemptions is as it's been identified. The main ones as you know being food and exports and so on.

KERRY O'BRIEN: Okay, so you are not really going to change anything significant. Why have it at all? You have already had one extensive inquiry anyway, unfortunately that inquiry was secret, remains secret.

JOHN HEWSON, OPPOSITION LEADER: Hang on. We have announced our decisions on the Cole Committee Report that you are referring to but I mean, the reason we do it is that you want people, as I say, this has been one of the most divisive election campaigns in our history.

KERRY O'BRIEN: John, you have been selling the GST on and off for three years. You have been selling fight back for 18 months and you have been selling fight back two for four months.

JOHN HEWSON, OPPOSITION LEADER: Hang on.

KERRY O'BRIEN: I think all of that has included the GST.

JOHN HEWSON, OPPOSITION LEADER: We have a lot of support for the GST. But see our package is not just GST. It's a 20 point plan. One point is tax and one part of tax is GST. So we sell cuts in immigration for example, we sell \$3 billion more into education, we sell an improved health system.

KERRY O'BRIEN: That's selling the GST. What I am on about now is why you have held this, you have suddenly decided to call this summit in the last week of a three year effort to sell the idea of a GST?

JOHN HEWSON, OPPOSITION LEADER: Hang on. I say, I say we announced it, we announced it in December last year. We didn't suddenly decide end of last week. There was newspaper speculation about whether or not we would hold a summit and I said we were planning to hold the first meeting of that panel in the early days of the Hewson government.

I have been talking for days about an educational program which is an important part of what's got to be done.

KERRY O'BRIEN: But you won't change anything?

JOHN HEWSON, OPPOSITION LEADER: No, the policy stands. It's, it's not a summit in the Hawke sense.

PAUL KEATING, PRIME MINISTER: Kerry, it's another ...

JOHN HEWSON, OPPOSITION LEADER: Because they had no policy in '83.

PAUL KEATING, PRIME MINISTER: It's an apology, it's a con. In other words what he is about, it's a policy he has decided upon which is going to be across the economy which is going to raise \$24,000 million with a 15% GST. The details were to be examined by the GS, the GST tax committee, the Coal Committee. It's produced a 40 chapter report.

Dr. Hewson has kept it secret right the way through the election campaign. That is how the GST will apply to every minute sector of the economy and each sector of industry and Australian life. He has kept it secret, he won't tell us, he has it in his drawer and yet he has got the gall to say look, don't worry, after you vote for us and

after you are stuck with this thing. After you have got it for the rest of your life I will have a nice little discussion, in a couple of months time about how you might wear it. And of course that discussion can include all sorts of things. I mean, for instance, it might, you might be telling us how you can't run it with a food exemption. So food might go back in it.

JOHN HEWSON, OPPOSITION LEADER: It won't.

PAUL KEATING, PRIME MINISTER: It might also tell us ...

JOHN HEWSON, OPPOSITION LEADER: It won't. Scare mongering is not going to work.

PAUL KEATING, PRIME MINISTER: If it's unfair to tax food why is it fair to tax water, why is it fair to tax clothing, why is it fair to tax power. I mean, these are all of the things which have been decided by Dr. Hewson and the Coal Committee.

KERRY O'BRIEN: Okay.

PAUL KEATING, PRIME MINISTER: Which he has kept secret and we have got this sort of shambles...

KERRY O'BRIEN: Okay, you have made your point. You have made the point.

JOHN HEWSON, OPPOSITION LEADER: But what's fair about your present taxes. If you add up sales tax ...

KERRY O'BRIEN: Before you go on John.

JOHN HEWSON, OPPOSITION LEADER: I am just going to answer the \$24 billion.

KERRY O'BRIEN: Well you can, you can, but why wouldn't you release the Cole Report, why can't you put that on the table?

PAUL KEATING, PRIME MINISTER: Why not?

JOHN HEWSON, OPPOSITION LEADER: What we have done is we have gone through, what the Cole Committee did was to collect 300 odd submissions from various industry groups and give us recommendations in relation to those submissions.

We have had a long process of going back to those various groups and talking to them and when we announced the changes that we thought should be made to Fightback one in December last year. And all the others we have said we are not changing. We have some, as I say, some committees working on the detail issues as to where you draw a line, but it's a minute detail.

And we have responded to all those submissions. And those industry groups are happy with the progress that we have made in response to their recommendations to us to change. A lot of ..

KERRY O'BRIEN: [Inaudible] consumers.

JOHN HEWSON, OPPOSITION LEADER: A lot of them with very strong vested interests for us to change. Just on the \$24 billion, the Prime Minister has a tax, a sales tax which raises \$9½ or \$9 billion. There is a payroll tax that raises about \$6.

PAUL KEATING, PRIME MINISTER: That's not mine, the states have, the states, have, not the Commonwealth.

JOHN HEWSON, OPPOSITION LEADER: But there is a payroll, wait a minute. And there is also a fuel excise which raises \$6 so it adds up to about nearly \$22 billion.

We scrap all of those three in the development of the goods and services tax.

PAUL KEATING, PRIME MINISTER: Kerry, Kerry.

JOHN HEWSON, OPPOSITION LEADER: And he knows that and, and, and, you know, he seeks to misrepresent the situation by saying that this is an additional tax. It won't be. You know when you will get an additional GST?

In the unlikely event that he is re elected he would, he would have a GST, have no two ways about it.

PAUL KEATING, PRIME MINISTER: John listen, don't ...

JOHN HEWSON, OPPOSITION LEADER: You supported it in 1985 ..

KERRY O'BRIEN: ... don't like his chances of getting it through the senate.

PAUL KEATING, PRIME MINISTER .. you are so proud, you are so proud of your own policy, you are so, you are telling us it's the best thing for Australia but then you have got to inveigle me and say of me, which you know is untrue, that I will support your policy. I won't support a GST, I will never support your policy. The key, but Kerry, the key point is this.

JOHN HEWSON, OPPOSITION LEADER: [inaudible]

PAUL KEATING, PRIME MINISTER: The \$24 billion is collected from Australian men and women and families but it doesn't go back to them. It goes off to other people. It goes off to the top end of business. It goes off to big consumers of fuel. It doesn't go to them.

KERRY O'BRIEN: But let's address, let's address.

PAUL KEATING, PRIME MINISTER: But hang on.

KERRY O'BRIEN: But let's address his point first.

PAUL KEATING, PRIME MINISTER: It costs the average Australian family. I mean this thing is going to raise money on the day it starts. It will cost them \$75.00 we week.

JOHN HEWSON, OPPOSITION LEADER: That's wrong.

PAUL KEATING, PRIME MINISTER: They have then got a punt from Dr. Hewson that they will get some money back. But what it's going to cost them is \$75.00 a week.

And the greatest burden of that cost is going to fall on Australian women, they are going to have to secure ...

JOHN HEWSON, OPPOSITION LEADER: Come on, you don't believe that.

PAUL KEATING, PRIME MINISTER: ... that from their husbands. They are going to have to secure that in the family budget. They have got to meet that cost on day one and when they meet it, for a start, it's 18 months away. It's not going to add one job ...

JOHN HEWSON, OPPOSITION LEADER: Of course it is.

PAUL KEATING, PRIME MINISTER: It can't even start for 18 months.

JOHN HEWSON, OPPOSITION LEADER: Can I just remind ...

PAUL KEATING, PRIME MINISTER: By that stage we are well and truly back into growth and recovery but, but Kerry, the key point is this.

Once a GST is introduced in this country it's there forever and every small business, 836,000 businesses will be tax collection agencies. It will cost them \$6,000.00 a year costs to simply collect and collate this thing and the impact of it is grossly unfair, inflationary and regressive.

KERRY O'BRIEN: Okay, John. 30 seconds response and then I want to move onto the next point on the GST.

JOHN HEWSON, OPPOSITION LEADER: His, his tax system, his tax system is there forever as well. I mean, can you explain to me why under the sales tax system you tax cotton buds and not cotton balls. You tax above ground swimming pools and not in ground swimming pools.

PAUL KEATING, PRIME MINISTER: [inaudible] tell us, John, look, tell us why your tax ...

KERRY O'BRIEN: Hang on.

JOHN HEWSON, OPPOSITION LEADER: You tax exercise books for kids at school and you don't tax pornographic magazines. And I also remind you of what you said back in 1985 when you had been rolled by the unions on tax reform. You gave a speech in the parliament where you said, and it was reported in the Sydney Morning Herald at the time, honestly it's no good saying one thing one month and something else the next. I would never say, I would never say, that a consumption tax is no longer appropriate.

KERRY O'BRIEN: Okay.

JOHN HEWSON, OPPOSITION LEADER: That was you, that was 1985.

KERRY O'BRIEN: Okay, that was the question.

PAUL KEATING, PRIME MINISTER: One simple fact. The wholesale sales tax raises \$9 billion. The GST raises \$24 billion.

JOHN HEWSON, OPPOSITION LEADER: Add payroll tax.

PAUL KEATING, PRIME MINISTER: And that's Dr. Hewson's numbers.

JOHN HEWSON, OPPOSITION LEADER: Add payroll tax.

PAUL KEATING, PRIME MINISTER: Yeah but the Commonwealth doesn't levy payroll tax.

JOHN HEWSON, OPPOSITION LEADER: And petrol excise.

PAUL KEATING, PRIME MINISTER: Payroll tax is levied by the states and if you ...

JOHN HEWSON, OPPOSITION LEADER: But we are abolishing it.

PAUL KEATING, PRIME MINISTER: And if you cut the price of petrol and you take from say the state of New South Wales \$500 million of \$380 million from Queensland they will simply add the excise on.

JOHN HEWSON, OPPOSITION LEADER: They will not.

PAUL KEATING, PRIME MINISTER: They will put their petrol franchise fee on to recover the costs of the cut backs that you are giving them. I mean ...

JOHN HEWSON, OPPOSITION LEADER: We say quite explicitly they can't do that.

PAUL KEATING, PRIME MINISTER: John, you would have to believe in fairies at the bottom of the garden to think that states wouldn't jack up the petrol tax the moment that you took money from their financial assistance grants. Of course they will.

JOHN HEWSON, OPPOSITION LEADER: Speaking of believing in fairies. Why would be believe, why would we believe you?

PAUL KEATING, PRIME MINISTER: May I deal with this question about cotton first.

KERRY O'BRIEN: Hang on, let him answer the question, then you can respond.

PAUL KEATING, PRIME MINISTER: We are going to have this silly situation. If you have a hot pie it's going to be, the hot pie is going to be taxable a cold pie isn't. A takeaway chicken is going to be taxable a frozen chicken from Big W is going to be untaxed. I mean, this is the kind of nightmare that you are going to put through every retailer in this country to try and decide which is taxable and which isn't.

There was a tremendous letter in yesterday's Sydney Morning Herald from someone in Britain who operated a food business in Britain who went right through all this nonsense about how a GST operates in the economy.

So don't talk about the problems of the wholesale sales tax, it's a minnow of a tax compared to this monster you have John. \$24,000 million. Half the income tax.

KERRY O'BRIEN: Okay.

JOHN HEWSON, OPPOSITION LEADER: Kerry this election is not going to be fought on whether the price of a pie goes up or down by about \$0.02. It's about how ..

KERRY O'BRIEN: No, the ...

JOHN HEWSON, OPPOSITION LEADER: ... no hang on, it's about jobs and it's about unemployment. It's about economic management. The point I am making is picking up these anomalies...

KERRY O'BRIEN: John, there is a lot of people out there who believe it is about the GST.

JOHN HEWSON, OPPOSITION LEADER: Yeah, but I was picking up the anomalies he drew attention to. He is sitting on a tax system that he has put up 200%. He has raised, he has increased sales tax revenue by 200%.

PAUL KEATING, PRIME MINISTER: We are the second lowest taxed country in the world.

JOHN HEWSON, OPPOSITION LEADER: He has put petrol excise up from \$0.06 a litre to \$0.26 a litre. He has never given anybody a bean in compensation. Not one dollar has gone back to them and he knows, as he has said, in 1985 that system is a

lousy system that ought to be scrapped and we, that is precisely what we are doing, and scrapping payroll tax.

KERRY O'BRIEN: Okay.

JOHN HEWSON, OPPOSITION LEADER: And putting money back in people's pockets.

KERRY O'BRIEN: Okay.

PAUL KEATING, PRIME MINISTER: Kerry, Kerry.

JOHN HEWSON, OPPOSITION LEADER: A 25% cut in income taxes.

PAUL KEATING, PRIME MINISTER: Kerry.

JOHN HEWSON, OPPOSITION LEADER: Doubling of family allowances and a host of other benefits and he knows that. It's a better package than he advocated in '85 when he said it was essential.

PAUL KEATING, PRIME MINISTER: Kerry, this is, this is the ...

KERRY O'BRIEN: Yeah. We can go back and forwards on this point and I would like us to move on.

PAUL KEATING, PRIME MINISTER: Look at this point, look. This is the second lowest taxed country in the world. We share, we share...

JOHN HEWSON, OPPOSITION LEADER: We will cut it by \$400 million.

PAUL KEATING, PRIME MINISTER: Just hang on a minute, you have had your say. This is the second lowest taxed country in the world. We share second last place with the United States and we are a decimal point from Japan, the lowest taxed country.

This country has a relatively small public sector, it doesn't need a GST.

KERRY O'BRIEN: Well then why ...

PAUL KEATING, PRIME MINISTER: A GST is recessionary. It's vandalism of our inflation rate, it's, it's a flat tax, it's regressive, it's unfair. And as well as that, that's not the only cost Dr. Hewson has.

JOHN HEWSON, OPPOSITION LEADER: When you say it's regressive and unfair Paul Keating, you were going to introduce one in 1985.

PAUL KEATING, PRIME MINISTER: But nothing, but nothing like this package. Not taking, all the proceeds went back to people. They were over-compensated, there was over-compensation, we assume for low income earners that they ...

JOHN HEWSON, OPPOSITION LEADER: There wasn't.

PAUL KEATING, PRIME MINISTER: ... spent everything, we assume they save nothing. We, in act, assume they ran their savings down. But we decided against it. I mean ...

JOHN HEWSON, OPPOSITION LEADER: No, others decided against it, you didn't. You got rolled.

PAUL KEATING, PRIME MINISTER: Seven years, I had seven years in between to come back to a GST.

KERRY O'BRIEN: What you are older and wiser?

PAUL KEATING, PRIME MINISTER: Too right.

KERRY O'BRIEN: Okay, alright. I want to move on.

JOHN HEWSON, OPPOSITION LEADER: He says inflation.

PAUL KEATING, PRIME MINISTER: No way, I mean, I did, I woke up to, figure this Kerry, I have been there with the GST.

KERRY O'BRIEN: Okay.

PAUL KEATING, PRIME MINISTER: I know what a mistake it would be.

KERRY O'BRIEN: Alright, you have answered.

JOHN HEWSON, OPPOSITION LEADER: That's not what you said in '85 and you just said that inflation ...

KERRY O'BRIEN: Let's not keep, we have talked about '85.

JOHN HEWSON, OPPOSITION LEADER: I will just pick up a couple of those.

KERRY O'BRIEN: Well briefly.

JOHN HEWSON, OPPOSITION LEADER: The inflation effect he says is going to be ...

PAUL KEATING, PRIME MINISTER: 5%.

JOHN HEWSON, OPPOSITION LEADER: ... 2%.

PAUL KEATING, PRIME MINISTER: 5%.

JOHN HEWSON, OPPOSITION LEADER: 2%.

PAUL KEATING, PRIME MINISTER: You will add 5%.

JOHN HEWSON, OPPOSITION LEADER: And you will, and interest rates ...

KERRY O'BRIEN: Hang on Paul.

JOHN HEWSON, OPPOSITION LEADER: ...and inflation under you has averaged 6% every year since 1983.

PAUL KEATING, PRIME MINISTER: Five, five.

KERRY O'BRIEN: Can I just ...

JOHN HEWSON, OPPOSITION LEADER: And secondly we are going to cut total tax burden by about \$4 billion ...

PAUL KEATING, PRIME MINISTER: You are going to put a tax burden.

JOHN HEWSON, OPPOSITION LEADER: We are not, we are cutting the tax burden because we are putting money back into people's pockets, a 25% personal tax cut.

KERRY O'BRIEN: Hang on Paul.

JOHN HEWSON, OPPOSITION LEADER: A doubling of family allowance, an 8% increase in pensions.

KERRY O'BRIEN: Hang on can I, I want to move on to a specific question.

JOHN HEWSON, OPPOSITION LEADER: These other benefits we are targeting people.

KERRY O'BRIEN: John Hewson, specific question. And I am not going to ask you about birthday cakes again. But I have had a lot of people asking, ringing, faxing about rent, particularly in flats and units.

Now my understanding is that rent itself is not taxed by the GST, what about body corporate fees?

JOHN HEWSON, OPPOSITION LEADER: That's right. Um, in terms of say in a retirement village for example, they are not taxed either.

KERRY O'BRIEN: What about everywhere else? There is a lot of people renting in places where body corporate fees are a part of their rent. There are a lot of people on fixed incomes in units and flats, body corporate, who pay body corporate fees. What happens there?

JOHN HEWSON, OPPOSITION LEADER: Well the body corporate, it depends what the body corporate fee is. But the body corporate fee in general, if it is taxed suffers, will experience some real benefits in terms of the abolition of some of these taxes which lowers the cost of running the units.

KERRY O'BRIEN: Okay and this has been put to me. If you have got a plumber that comes to fix anything in the units, if you have got a painter who comes to repaint, a lift maintenance person, any of those things, they are all taxed at 15%. I have had one person who said that ...

JOHN HEWSON, OPPOSITION LEADER: But it doesn't go up 15%.

KERRY O'BRIEN: Hang on, but the body corporate rates, on their block of units was \$80,000.00 a year, 38 units, and their body corporate fees, \$80,000.00 a year, he has estimated on advice from his local liberal MP that he will be paying about, that they, that building will be paying about \$10,000.00 a year extra...

JOHN HEWSON, OPPOSITION LEADER: That's right, that's right.

KERRY O'BRIEN: .. in GST. Now surely that permeates back through the system for all renters in units and for everybody retiree or not who is living in a unit or a flat?

JOHN HEWSON, OPPOSITION LEADER: Well all the plumbers and all the ...

PAUL KEATING, PRIME MINISTER: That's why it raises \$24 billion.

JOHN HEWSON, OPPOSITION LEADER: ... all the people that, hang on ..

KERRY O'BRIEN: Let him speak please.

JOHN HEWSON, OPPOSITION LEADER: All the plumbers and the people that provide the services will see their cost base fall, right, because when you abolish payroll tax and sales tax and petrol tax it gets built into the cost of everything they use, first point ...

KERRY O'BRIEN: How many arrangements ...

JOHN HEWSON, OPPOSITION LEADER: Second point there is very large increases in tax. A 25% cut in personal tax is just one example. A 25% cut. People, people are better off, significantly better off.

PAUL KEATING, PRIME MINISTER: Much worse off.

JOHN HEWSON, OPPOSITION LEADER: They are significantly better off and you know it.

PAUL KEATING, PRIME MINISTER: Ah, they are \$75.00 much worse off.

JOHN HEWSON, OPPOSITION LEADER: No look, we went, we went to a lot of trouble deciding ...

KERRY O'BRIEN: Do you think that on the basis of the problems you have had at times in this campaign selling the GST that you will persuade renters in units and flats and owners ...

JOHN HEWSON, OPPOSITION LEADER: Rent doesn't attract the GST.

KERRY O'BRIEN: ... and owners in units and flats. No, not the rent, but the body corporate fees largely do.

JOHN HEWSON, OPPOSITION LEADER: Rent gets, rent ...

KERRY O'BRIEN: Hang on, hang on.

JOHN HEWSON, OPPOSITION LEADER: Renters do not pay GST on their rent and to generalise the way you are is wrong. And as I say, there are a lot of cost reductions that come through the system.

PAUL KEATING, PRIME MINISTER: Kerry...

KERRY O'BRIEN: Hang on.

JOHN HEWSON, OPPOSITION LEADER: In a situation where, in a situation where people have more money in their pocket and look he knows it because he advocated it in 1985 and we have got a better compensation package. We have got bigger cuts in personal tax. We have got bigger ...

KERRY O'BRIEN: But you also said on March 3, absolutely nothing will go up by 15%, I assume you mean that business will pass on any savings from the taxes you are giving back, but not even an army of tax police will guarantee no profiteering.

JOHN HEWSON, OPPOSITION LEADER: Well let me just answer that in some detail. Firstly competition, competition will.

I mean, if somebody in one shop is trying to increase the price by more than one around the corner people will go around the corner. That's the first point. Secondly we have a competition commission that if you are, if you are guilty of price fixing, you can suffer a \$10 million fine.

Thirdly, we will have the Prices Surveillance Authority which will have ...

PAUL KEATING, PRIME MINISTER: [Inaudible].

JOHN HEWSON, OPPOSITION LEADER: Hang on, which will have real teeth and which will investigate any claims by people if there has been any profit taking and failure to pass it on.

And fourthly we have said that we will have a compact with the business community and a number of the major retailer groups and others are already saying they are happy to sign that to ensure that the system is passed on. See one of the things that we have got to ...

KERRY O'BRIEN: Don't ...

JOHN HEWSON, OPPOSITION LEADER: Hang on, I want to ...

KERRY O'BRIEN: I want to get away from the GST and I have got to give Paul Keating one more response.

JOHN HEWSON, OPPOSITION LEADER: Let me make one clear point though. The essence of this reform is working together and I think people will work together to make this reform significant.

KERRY O'BRIEN: You have got enormous faith John.

PAUL KEATING, PRIME MINISTER: You have got to be ...

JOHN HEWSON, OPPOSITION LEADER: You have got to be, well I do believe the Australian people do.

PAUL KEATING, PRIME MINISTER: No, Kerry, Kerry, Kerry.

KERRY O'BRIEN: Paul Keating.

JOHN HEWSON, OPPOSITION LEADER: I do.

PAUL KEATING, PRIME MINISTER: It's because of the things you described, that is why the GST raises \$24,000 million. This is over half the income tax. This will change Australian life forever. This is the most intrusive tax in the history of the country.

Now John is asking us to believe again in the fairies to say that the Prices Surveillance Authority, a body which he has always opposed and John Howard has always opposed, will, a small agency, cover 830,000 businesses.

JOHN HEWSON, OPPOSITION LEADER: We are increasing its resources.

PAUL KEATING, PRIME MINISTER: 830,000 taxing points, 836,000 businesses. It's nonsense. They will not give back the payroll tax, the big companies, they will hang onto it. They virtually said so. Dr. Hewson's own numbers are predicated on only part of the wholesale sale tax going back.

This will be just an additional tax to the income tax and let me tell you this Kerry.

KERRY O'BRIEN: Briefly.

PAUL KEATING, PRIME MINISTER: He is trying to say that in some way that the goods and services tax provide tax cuts. It's got nothing to do with tax cuts. It's all given away. The goods and services tax raises \$24 billion divided by the number of Australian families, 3 billion odd families, will raise about \$75.00, will cost the average family \$75.00 a week.

And that doesn't include Medicare, that doesn't include \$32.00 at the doctor...

KERRY O'BRIEN: Okay, look...

JOHN HEWSON, OPPOSITION LEADER: The average family will be \$56.00 a week better off after ...

PAUL KEATING, PRIME MINISTER: ... that doesn't include that would mean ...

JOHN HEWSON, OPPOSITION LEADER: ... GST, after GST.

PAUL KEATING, PRIME MINISTER: ... that would means, that means, Kerry, let me just pick this point up. That means that John has got, John Hewson has got to get back to them \$130.00 after they lose \$75.00.

Now, if, I mean, frankly, if anyone believes ...

KERRY O'BRIEN: I can see us getting lost in the numbers here.

PAUL KEATING, PRIME MINISTER: ... the Liberal Party is going to give them back \$130.00, if they believe in that frankly they ...

KERRY O'BRIEN: I can see us getting lost and there is no [Inaudible] in that.

PAUL KEATING, PRIME MINISTER: ...deserve to pick up the GST, they deserve to pick up the GST.

KERRY O'BRIEN: Can I move on. Let's talk employment.

Paul Keating, John Hewson says you have got no plan and certainly no one on your side seems to know how many jobs you will create or how much you are getting unemployment down. The treasurer says one thing, the industrial relations minister says another, the finance minister says another again. Where will unemployment be by the end of your next term?

PAUL KEATING, PRIME MINISTER: Well a few percentage points I think down. I mean ...

KERRY O'BRIEN: What's a few?

PAUL KEATING, PRIME MINISTER: Let me just, let me talk about it in jobs.

In the Accord we signed with the ACTU about a week and a half ago we said that we, there would be no wage increases paid unless there is progress towards a minimal achievable figure of half a million jobs over three years. We think that's the achievable minimum. Half a million over three years.

Now the economy is growing again, it hasn't been laden with jobs, it's been laden with productivity. But that's about to change because companies can't keep squeezing more production from the same workforce.

We are growing, we have got a large stock of investments which can be triggered by a further investment allowance and a cut in the company tax rate to 33%. John Hewson wants to put the company tax rate up to 42%.

KERRY O'BRIEN: Hang on, let's talk about your plan.

PAUL KEATING, PRIME MINISTER: Plus a GST, I mean, right...

KERRY O'BRIEN: Your plan, your plan we want.

PAUL KEATING, PRIME MINISTER: Our plan was from One Nation, to get the economy restarted. That's happened. It's grown for five consecutive ...

KERRY O'BRIEN: Well hang on let's just dwell on one nation for a sec.

PAUL KEATING, PRIME MINISTER: It's grown for five consecutive quarters, it's now growing at 2½ % a year. We now intend to cut the company tax rate back to 33%, provide a further 10% investment allowance for investment providing it's done quickly. And we believe that that growth, plus the investment, plus the cut in the company tax rate which will lower the cost of capital, will encourage more investment and more employment.

KERRY O'BRIEN: Okay. Well now let me put to you your record ...

JOHN HEWSON, OPPOSITION LEADER: Can I ask a question?

KERRY O'BRIEN: Yeah, in a moment. You have already said what went wrong with the recession. But let's put the recession to one side if we can. Take One Nation, you said One Nation has worked and we have now got growth going at 2½%.

What you said with One Nation originally, only one year ago was that growth would be 4.75% then it was going to be ...

PAUL KEATING, PRIME MINISTER: Yeah, Kerry, you and I have the most monotonous conversation on Lateline ...

KERRY O'BRIEN: Well it's not monotonous to a lot of ...

PAUL KEATING, PRIME MINISTER: Hang on, hang on.

KERRY O'BRIEN: It goes to your credibility Paul.

PAUL KEATING, PRIME MINISTER: Kerry, just answer this, listen to this. We went through this on your Lateline program.

Why did we revise down the growth? Because the rest of the world slowed up. Japan went into recession in October. Now what are you saying to me Kerry?

KERRY O'BRIEN: Hang on, the deficit forecast ...

PAUL KEATING, PRIME MINISTER: No, no, no, hang on, you asked the question, listen to the answer.

You are saying that because the Treasury and the Department of Prime Minister and Cabinet forecast 4% through the year growth rate in February but Japan and the rest of the world slows down in the second half of the year, therefore, we are not entitled to say that 4% through the year growth would be 2½%. 2½% is faster than any western economy ...

KERRY O'BRIEN: Your foreign debt, your foreign debt is growing faster than many other western economies too.

PAUL KEATING, PRIME MINISTER: Okay. You are quibbling over a forecast versus an actual ...

KERRY O'BRIEN: No, I was going, I was going to put the forecast as one of several things that you have got wrong.

PAUL KEATING, PRIME MINISTER: No, no, but in fact you are quibbling over a forecast, look...

KERRY O'BRIEN: Alright.

PAUL KEATING, PRIME MINISTER: ... my job as Prime Minister was to get the economy restarted and growing. That I have done. It's now growing, as I have said, faster than any other place. And it's slated to grow into the big licks of growth in the coming financial year between 3% and 4%.

Once that happens we will get the bigger licks of employment growth. We have turned the corner already Kerry, and that's the point I am making.

KERRY O'BRIEN: Okay.

PAUL KEATING, PRIME MINISTER: For people to throw that away now ...

JOHN HEWSON, OPPOSITION LEADER: Can I ask a question?

KERRY O'BRIEN: [inaudible].

PAUL KEATING, PRIME MINISTER: ... to throw that away and go down a GST binge...

KERRY O'BRIEN: Okay.

PAUL KEATING, PRIME MINISTER: ... which we don't need would be absolute vandalism.

KERRY O'BRIEN: John Hewson.

JOHN HEWSON, OPPOSITION LEADER: Can I just ask a couple of direct questions?

You say that you can, you can aim to create 500,000 jobs. How much will the Labor force increase over the next three years?

PAUL KEATING, PRIME MINISTER: Well in the years I was, I was in office it went from six million to eight million.

JOHN HEWSON, OPPOSITION LEADER: No, what will it do over the next three years?

PAUL KEATING, PRIME MINISTER: No, hang on.

JOHN HEWSON, OPPOSITION LEADER: Over the next three years?

PAUL KEATING, PRIME MINISTER: So don't talk to me about growth and employment, it went up by ...

JOHN HEWSON, OPPOSITION LEADER: Over the next three years thanks.

PAUL KEATING, PRIME MINISTER: ... two, it went up by two million in the 80's. Then you toddled off, out of public life in '83 leaving three quarters of a million people unemployed behind. I didn't hear any apologies or apalogias from you. You left us with a workforce of six million, it's now eight. It's now eight and the country you tell us which was a model, New Zealand has actually got fewer people in work today than it had in 1983. Now...

JOHN HEWSON, OPPOSITION LEADER: Hang on, isn't a fact ...

PAUL KEATING, PRIME MINISTER: ... as we see that half a million jobs added over the next three years, at least half a million, over the next three years, is a steady achievable cooperative way that is cooperating the workforce. Look at the Accord we have signed with the trade unions. Low inflation, low inflation, we have got an inflation rate the lowest in the world.

JOHN HEWSON, OPPOSITION LEADER: Hang on, hang on.

KERRY O'BRIEN: John Hewson, John Hewson.

JOHN HEWSON, OPPOSITION LEADER: He is ducking the question because he knows that in the next three years the Labor force is going to grow more than 500,000 and that Accord document in fact ...

PAUL KEATING, PRIME MINISTER: Of course it's going to grow by more than ...

KERRY O'BRIEN: Hang on.

JOHN HEWSON, OPPOSITION LEADER: Of course it's going to grow by more than 500,000.

PAUL KEATING, PRIME MINISTER: The Labor force is going to grow.

JOHN HEWSON, OPPOSITION LEADER: Okay, so, so ...

PAUL KEATING, PRIME MINISTER: The Labor market.

JOHN HEWSON, OPPOSITION LEADER: No, the Labor force is going to grow more than 500,000.

PAUL KEATING, PRIME MINISTER: Well I am not sure about the Labor force.

JOHN HEWSON, OPPOSITION LEADER: Because you are admitting in saying that that unemployment is going to go up. Unemployment is going to go up under you.

PAUL KEATING, PRIME MINISTER: The workforce is going to grow by at least half a million.

JOHN HEWSON, OPPOSITION LEADER: Now Labor, you are only going to create 500,000 jobs...

PAUL KEATING, PRIME MINISTER: ...over the next three years.

JOHN HEWSON, OPPOSITION LEADER: Unemployment you are saying to me is going to go up and you know why, because you said once, that if you didn't get 4% growth you ought to give the game away. And you are not going to get 4% growth and you are not going to get the unemployment numbers coming down. You know ...

PAUL KEATING, PRIME MINISTER: But how ...

JOHN HEWSON, OPPOSITION LEADER: ... and you have just admitted it, that unemployment is going up under you, it's going up under you, it must go up under you.

PAUL KEATING, PRIME MINISTER: Kerry.

KERRY O'BRIEN: Hang on.

JOHN HEWSON, OPPOSITION LEADER: It must, on the numbers you have just given me it must go up.

PAUL KEATING, PRIME MINISTER: Kerry, how could you get, sorry, how could Dr. Hewson hope to get 4% growth by putting a 15% spending tax on the economy.

KERRY O'BRIEN: Let me [Inaudible].

JOHN HEWSON, OPPOSITION LEADER: Your policy ...

PAUL KEATING, PRIME MINISTER: Let me make this point. The fact ...

JOHN HEWSON, OPPOSITION LEADER: Well I think you are leading in the time stakes Paul.

PAUL KEATING, PRIME MINISTER: Let me clear the point up, that is this.

KERRY O'BRIEN: Very briefly.

PAUL KEATING, PRIME MINISTER: We will add at least half a million jobs to the work force of this country in the next three years ...

JOHN HEWSON, OPPOSITION LEADER: And it won't bring down unemployment.

PAUL KEATING, PRIME MINISTER: ... at least and we will do more which will more than meet workforce growth and bring unemployment down.

JOHN HEWSON, OPPOSITION LEADER: It won't bring down unemployment.

KERRY O'BRIEN: John Hewson you've ...

PAUL KEATING, PRIME MINISTER: That's not true.

JOHN HEWSON, OPPOSITION LEADER: You know that.

PAUL KEATING, PRIME MINISTER: That's not true.

KERRY O'BRIEN: You have just appointed Labor market economist Judith Sloan to your kitchen cabinet. On Lateline last year ...

JOHN HEWSON, OPPOSITION LEADER: An advisor, not kitchen cabinet.

KERRY O'BRIEN: ... she said 7% to 8% unemployment was the most likely picture through the '90's no matter who is running things. She also said the other day that your promise of two million new jobs was optimistic, requiring at least twice the job growth of the '80's.

That's hardly a ringing endorsement from your own advisor is it?

JOHN HEWSON, OPPOSITION LEADER: But I don't look to my advisors to give me ringing endorsements. They were appointed ...

KERRY O'BRIEN: Hang on ...

JOHN HEWSON, OPPOSITION LEADER: They were appointed because of their standing. Their outstanding credentials.

KERRY O'BRIEN: Not because of their knowledge?

JOHN HEWSON, OPPOSITION LEADER: Their knowledge and their judgement. But the Business Council of Australia says our two million jobs number is in effect conservative.

KERRY O'BRIEN: Is she a credible economist, Labor market economist?

JOHN HEWSON, OPPOSITION LEADER: Absolutely and so is the Business Council.

KERRY O'BRIEN: Well she is saying 7% to 8% through the decade is the most likely outcome.

JOHN HEWSON, OPPOSITION LEADER: We believe, we believe in terms of our policy you can halve the unemployment rate by the end of the decade, which is significantly lower than 7% to 8%.

KERRY O'BRIEN: Well she doesn't think that.

JOHN HEWSON, OPPOSITION LEADER: Over two million jobs and we have shown you industry by industry where those jobs can come from and you know, of course, we have the policies that will do it. Now ...

KERRY O'BRIEN: But you also ...

JOHN HEWSON, OPPOSITION LEADER: ... the Prime Minister has been talking about payroll tax. He estimated that the abolition of payroll tax alone, just one decision out of hundreds, if not thousands of decisions in the Fightback, that one decision would create 200,000 jobs.

KERRY O'BRIEN: Now who is saying this?

JOHN HEWSON, OPPOSITION LEADER: 200,000 jobs.

KERRY O'BRIEN: Who is saying that John, who is saying the 200,000 jobs?

JOHN HEWSON, OPPOSITION LEADER: The Prime Minister said that in the past.

PAUL KEATING, PRIME MINISTER: Absolute nonsense, absolute nonsense.

KERRY O'BRIEN: It was said in 1977 wasn't it?

PAUL KEATING, PRIME MINISTER: Yes, without a GST, without a GST.

JOHN HEWSON, OPPOSITION LEADER: Yes and there was a fellow in Queensland last week, a business economist who said 257,000.

PAUL KEATING, PRIME MINISTER: He has no authority at all.

KERRY O'BRIEN: Hang on Paul. And there is a fellow named John Fairburn, John Freeburn I'm sorry, Freeburn. Who is, I think a friend of fight back general isn't he?

JOHN HEWSON, OPPOSITION LEADER: Well, I mean, he is an independent commentator too.

KERRY O'BRIEN: He questions that, that book of 24 leading Australian economists that came out last week. I think the best forecast for jobs through the payroll tax was something like 55,000 over about two or three years. That was the best forecast out of 24 leading Australian economists.

JOHN HEWSON, OPPOSITION LEADER: Well I think the Chamber of Manufactures put it at about 175, the business economists last week in Brisbane put 257...

KERRY O'BRIEN: So who knows, so who knows.

JOHN HEWSON, OPPOSITION LEADER: But my point is it is a tax on jobs right?

KERRY O'BRIEN: But who knows?

JOHN HEWSON, OPPOSITION LEADER: No, hang on. It's a tax on jobs and surely the abolition of a tax on jobs is going to create jobs.

PAUL KEATING, PRIME MINISTER: Kerry.

KERRY O'BRIEN: Paul, I'm sorry, I am going to run with John for a minute because the time is your way at the moment.

JOHN HEWSON, OPPOSITION LEADER: And then, okay, then, you know, we have a whole host of other things that will actually kick start the economy. Our development, our investment allowance come accelerated depreciation is a \$2 billion injection into the economy in the next financial year.

A Rebuild Australia fund puts \$3 billion into infrastructure over the next couple of years. We bring forward after pension increases and some of the family benefits and tax cuts to July of this year, put more money in people's pockets.

KERRY O'BRIEN: But John, let me put ...

JOHN HEWSON, OPPOSITION LEADER: Hang on. These are ...

KERRY O'BRIEN: ... one thing to you.

JOHN HEWSON, OPPOSITION LEADER: We cut immigration.

KERRY O'BRIEN: Let me put one thing.

JOHN HEWSON, OPPOSITION LEADER: Which takes pressure off the Labor market.

KERRY O'BRIEN: Let me put one thing to you. The micro reform program that this government has set in place you say has been too slow, to ineffectual yet the process of macro reform that's been going on in the economy, both privately and via government policies has led to some of the structural unemployment we have now got. You know, as well as I do, that productivity in this day and age means fewer, fewer people doing the jobs. It means fewer people doing more work ...

JOHN HEWSON, OPPOSITION LEADER: It does in a recession.

KERRY O'BRIEN: ... with the aid of the ... no, no, no.

JOHN HEWSON, OPPOSITION LEADER: It does in a recession.

KERRY O'BRIEN: It does anyway.

JOHN HEWSON, OPPOSITION LEADER: It does under his recession.

KERRY O'BRIEN: It does when you are restructuring the economy. What you are promising this country is what he has done in spades.

JOHN HEWSON, OPPOSITION LEADER: Not at all.

KERRY O'BRIEN: Not at all, you are promising ...

JOHN HEWSON, OPPOSITION LEADER: Absolutely not at all.

KERRY O'BRIEN: ... a much faster pace of micro reform.

JOHN HEWSON, OPPOSITION LEADER: Absolutely not. Now hang on.

KERRY O'BRIEN: You are not promising a faster pace of micro-reform?

JOHN HEWSON, OPPOSITION LEADER: We are promising a faster pace of micro reform, of course. Faster reform. But we aren't going to be dictated to firstly by the unions. They will not be able to block reform and we will ensure that the benefits of reform do flow through to people in terms of lower transport costs, lower water front charges.

KERRY O'BRIEN: But let me ...

JOHN HEWSON, OPPOSITION LEADER: Hang on, lower telecommunications.

KERRY O'BRIEN: I understand that, you have said all that.

JOHN HEWSON, OPPOSITION LEADER: Secondly, the reason there has been no productivity growth in Australia is their wage system.

PAUL KEATING, PRIME MINISTER: There has been, 3%.

KERRY O'BRIEN: Hang on.

JOHN HEWSON, OPPOSITION LEADER: Is their wage system.

KERRY O'BRIEN: John. One of the things you are going to do ...

JOHN HEWSON, OPPOSITION LEADER: The Accord has destroyed productivity in Australia.

KERRY O'BRIEN: One of the things you are going to do is sell Telecom. British Telecom in the next four years is going to shed 112,000 jobs. New Zealand Telecom which has also been sold is going to shed three quarters of its work force in the next three to four years.

JOHN HEWSON, OPPOSITION LEADER: And Telecom as it stands in Australia is shedding Labor, it's been shedding it for several years.

KERRY O'BRIEN: Not in, no, no, no, no. Not as much as that.

JOHN HEWSON, OPPOSITION LEADER: And has shed a dramatic amount of Labor.

KERRY O'BRIEN: Let me just finish the point and then I will shut up. If you, if you, if Australian Telecom after you sell it sheds as many people as New Zealand Telecom sheds that's 57,000 jobs.

JOHN HEWSON, OPPOSITION LEADER: But hang on.

KERRY O'BRIEN: And that's one organisation, that's one illustration.

PAUL KEATING, PRIME MINISTER: One organisation.

JOHN HEWSON, OPPOSITION LEADER: But that's not right. I mean, firstly we are building a bigger and more dynamic telecommunications industry. We are not just, we are not just privatising Telecom. No, hang on.

And look we have a unique capability in Australia of actually expanding our telecommunications market into the Asia Pacific region which means more jobs, not less jobs.

KERRY O'BRIEN: So the ...

JOHN HEWSON, OPPOSITION LEADER: No, let me answer it right.

Secondly, Telecom has already been shedding a lot of Labor under the existing structures. They have shed a lot and they have a plan to shed more I am told. Quite independent of any privatisation. So I believe if you privatise in the context of an expanded market and a more competitive market you can have more jobs and not less.

KERRY O'BRIEN: You mean they will cut someone else's ...

JOHN HEWSON, OPPOSITION LEADER: You only end up in this ridiculous situation of shedding people if you run, if you are run by the union movement and if you are tied to an Accord which has destroyed productivity. There is only one way to get productivity back in Australia and that is to go to work place negotiations where there can be a direct link between the wages people pay and their performance. And until you get that system you are not going to have productivity.

PAUL KEATING, PRIME MINISTER: Kerry.

KERRY O'BRIEN: Alright, well on this point, let me get onto industrial relations.

PAUL KEATING, PRIME MINISTER: No, let me just deal with this thing about employment, about employment.

The key point is here the GST is bad for jobs.

JOHN HEWSON, OPPOSITION LEADER: Oh, it's not.

PAUL KEATING, PRIME MINISTER: Now, Dr. Murphy who did the work on Fightback modelled it on an econometric model.

JOHN HEWSON, OPPOSITION LEADER: He didn't model it.

PAUL KEATING, PRIME MINISTER: And what he shows is that after five quarters unemployment is up 2% and growth is down 4%. Now that's what he shows, your own person.

JOHN HEWSON, OPPOSITION LEADER: He did not model Fightback and you know it.

PAUL KEATING, PRIME MINISTER: Now can I also say, yes he did.

JOHN HEWSON, OPPOSITION LEADER: He did not model it.

KERRY O'BRIEN: Hang on a minute, this is, the nature of this ...

PAUL KEATING, PRIME MINISTER: From income tax to consumption tax. And you know it to be true. Now Kerry can I say this?

KERRY O'BRIEN: Briefly.

PAUL KEATING, PRIME MINISTER: Two million jobs, when Dr. Hewson was asked about it, this is a report in the Australian in March it said Dr. Hewson also admitted yesterday the forecast two million jobs the Coalition trumpeted when it launched it's Fightback package was "only a judgement". It has no status whatsoever, it's an absolute fraud.

JOHN HEWSON, OPPOSITION LEADER: we have released a paper to show you where those jobs have come from.

KERRY O'BRIEN: Okay. And just, hang on.

PAUL KEATING, PRIME MINISTER: The two million jobs ...

JOHN HEWSON, OPPOSITION LEADER: Kerry, can I give one example?

PAUL KEATING, PRIME MINISTER: It's a total and absolute fraud.

JOHN HEWSON, OPPOSITION LEADER: Can I give one example to answer that. No it's not because we released a paper to show where those jobs would come from. Right across the board. Just take one example. Under Fight, under our plan we can quadruple the number of foreign tourists to Australia by the year 2000.

KERRY O'BRIEN: How do you know that? Where does that figure of 10 million foreign tourists coming to Australia come from?

JOHN HEWSON, OPPOSITION LEADER: It's an assessment of where, I mean, there will be 140 Asians travelling alone ...

KERRY O'BRIEN: Whose assessments are these?

JOHN HEWSON, OPPOSITION LEADER: ... hang on, travelling in the year 2000. And we have done a lot of work.

KERRY O'BRIEN: You have done the work?

JOHN HEWSON, OPPOSITION LEADER: We have done a lot of work and we have drawn on the best available evidence.

KERRY O'BRIEN: So the 10 million figure is your figure?

JOHN HEWSON, OPPOSITION LEADER: Yes, sorry, the two million figure.

KERRY O'BRIEN: No 10 million, 10 million foreign tourists ...

JOHN HEWSON, OPPOSITION LEADER: Oh the 10 million figure for the tourists yes.

KERRY O'BRIEN: ... who are coming to Australia by the end of ...

JOHN HEWSON, OPPOSITION LEADER: Yes, absolutely.

KERRY O'BRIEN: That's your work?

JOHN HEWSON, OPPOSITION LEADER: Absolutely. But hang on, if you get that, that's worth about 400,000 jobs in tourism alone by the end of the decade.

PAUL KEATING, PRIME MINISTER: It's the same numbers, silly numbers.

KERRY O'BRIEN: Okay.

JOHN HEWSON, OPPOSITION LEADER: But 400,000 jobs, one industry. We can get more in the car industry and more in ...

KERRY O'BRIEN: But that's based on your figure of the 10 million jobs.

JOHN HEWSON, OPPOSITION LEADER: ... agriculture, more in ...

KERRY O'BRIEN: Okay.

PAUL KEATING, PRIME MINISTER: Kerry, a GST will produce less employment.

KERRY O'BRIEN: We are going to have to move on.

PAUL KEATING PRIME MINISTER: That's the key.

JOHN HEWSON, OPPOSITION LEADER: That's not true.

KERRY O'BRIEN: I want to move on to industrial relations. Industrial relations. Paul Keating, you have been very critical on opposition policy on IR but the truth is you didn't even start to reform out moded inefficient work practices until at least 1987. You had to be dragged kicking and screaming into the new reality, you were pushed from behind. You were pushed by a debate that was really sparked by conservative forces in this country.

PAUL KEATING, PRIME MINISTER: I was not at all.

KERRY O'BRIEN: No matter what gains you have made now surely you should have gone faster.

PAUL KEATING, PRIME MINISTER: What we had to do between '83 and '87 was to get the economy growing, to get profits up and get investment going. The first couple of Accords were basically about restoring the profit share and getting investment going.

Under the Liberals profits have fallen to pieces, investment had stopped, unemployment was rampant. That was the first task Kerry.

In Accord mark three I think it was, we started on the productivity cases, moving flexibly through the Labor market. What have we got today? We have got enterprise bargains being struck all across the country cooperatively. Managers and unions and their employees working towards corporate objectives, corporate objectives, common objectives, without any loss, without any industrial disputes.

We have got industrial disputes at a 30 year record low. We have got inflation running at a third of a percentage point. That's the lowest inflation rate in the world. A third of a percentage point and we have got productivity running at 3% for the year.

KERRY O'BRIEN: Okay.

PAUL KEATING, PRIME MINISTER: What else have we got to do?

KERRY O'BRIEN: Do I understand it correctly that what you are saying is ...

PAUL KEATING, PRIME MINISTER: Kerry, what else do we have to do?

KERRY O'BRIEN: Well let me, let me get this clear.

JOHN HEWSON, OPPOSITION LEADER: Well I can tell you.

KERRY O'BRIEN: Are you saying that when you introduced your financial market deregulation processes, despite the fact that many people, including some of your advisors, your own advisors were saying you can't do this without doing Labor market reforms.

PAUL KEATING, PRIME MINISTER: Nobody said that.

KERRY O'BRIEN: Nobody said that?

PAUL KEATING, PRIME MINISTER: No. Of course not.

KERRY O'BRIEN: That wasn't in your head either.

PAUL KEATING, PRIME MINISTER: Kerry ...

JOHN HEWSON, OPPOSITION LEADER: This is an absolute fiction.

PAUL KEATING, PRIME MINISTER: This is the history of the great changes which this government has made, financial market reform, Labor market reform, water front, telecom, all of those things have all been done by us. And this is the point. The point I was making earlier.

Australia is essentially a remodelled economy. It's now growing again, it's turned the corner. It doesn't need these sort of draconian policies filleting people off onto individual wage contracts where their only, where their only recourse are the master and servant provisions of the 19th century common law.

KERRY O'BRIEN: Alright, okay. Let me put this question to you John on the [Inaudible].

PAUL KEATING, PRIME MINISTER: That's the sort of [Inaudible].

JOHN HEWSON, OPPOSITION LEADER: [Inaudible].

KERRY O'BRIEN: Just very quickly.

JOHN HEWSON, OPPOSITION LEADER: It goes to that.

KERRY O'BRIEN: Let me put the question and you can talk.

JOHN HEWSON, OPPOSITION LEADER: Okay, okay.

KERRY O'BRIEN: On the other hand, the breadth of change that you would force had created enormous disquiet, there are already stories in Jeff Kennett's Victoria of employers saying to workers, take a pay cut or a cut in conditions or you are out the door. I know that you have promised that anyone with a genuine grievance against the boss that you will help them fight the case in court. But what that means in the

end is that they join the court queue as well as the dole queue and that doesn't sound like great joy to me.

JOHN HEWSON, OPPOSITION LEADER: May I just pick up a couple of points the Prime Minister made and then I will answer that question.

I mean this talk about productivity being boosted.

PAUL KEATING, PRIME MINISTER: 3% this year.

KERRY O'BRIEN: When John is finished we will have to move on.

JOHN HEWSON, OPPOSITION LEADER: You know why, because you have thrown a million people on the scrap heap.

PAUL KEATING, PRIME MINISTER: Because of change of ...

KERRY O'BRIEN: Hang on.

JOHN HEWSON, OPPOSITION LEADER: No. Only because you have had the worst recession in 60 years and it's unemployment.

Secondly this notion of enterprise bargaining is a fiction. You have to be a member of a union to do an enterprise bargain ...

PAUL KEATING, PRIME MINISTER: You're joking.

JOHN HEWSON, OPPOSITION LEADER: ... a section 134 agreement, a certified agreement under you. You know, that, right. You have to be a member of the union. And only one third of the private sector is unionised. That's three and a half million people out there in the work place have no access to your enterprise agreements.

What you are saying you know to be a fiction. It has absolutely no substance whatsoever.

KERRY O'BRIEN: Alright.

JOHN HEWSON, OPPOSITION LEADER: Absolutely none.

PAUL KEATING, PRIME MINISTER: Kerry, Kerry.

KERRY O'BRIEN: No. Paul. I said that we are getting very tight on time.

JOHN HEWSON, OPPOSITION LEADER: Absolutely none.

KERRY O'BRIEN: I said it was one question each. I will have to cut that there and move on.

PAUL KEATING, PRIME MINISTER: Okay.

KERRY O'BRIEN: On health. John Hewson, one of Australia's most respected clergyman, the Reverend Alan Walker, and I don't think that's an exaggeration, gave you a huge serve on Thursday over health policy. He says that bulk billing by doctors will be abolished for all but a few categories.

He says that many struggling families will have to pay higher doctors fees up front, many families that don't have that money and that they will have their Medicare refund reduced from 85% to 75%.

What do you say to Alan Walker?

JOHN HEWSON, OPPOSITION LEADER: Well a number of things. Firstly Medicare stays. It stays.

KERRY O'BRIEN: So talking bulk billing.

JOHN HEWSON, OPPOSITION LEADER: Hang on. Secondly Medicare is going to be improved as we deal with the hospital queues. In terms of bulk billing, it's not an insignificant number of people who stay on, somewhere about four and a quarter to four and a half million people stay on bulk billing.

KERRY O'BRIEN: Out of how many?

JOHN HEWSON, OPPOSITION LEADER: That is pensioners, all social security recipients, low income earners and so on are protected. They stay on bulk billing.

KERRY O'BRIEN: Low income earners up to what point?

JOHN HEWSON, OPPOSITION LEADER: Well you know, people who receive benefits of various sorts, the sole parents benefits, disability pensions.

KERRY O'BRIEN: So less than \$20,000 a year?

JOHN HEWSON, OPPOSITION LEADER: Yeah, yeah, it would be, yes.

KERRY O'BRIEN: So if a family is on \$25,000.00 a year they have got to cough up.

JOHN HEWSON, OPPOSITION LEADER: But hang on, wait a minute.

PAUL KEATING, PRIME MINISTER: \$32.00

JOHN HEWSON, OPPOSITION LEADER: Then, no, and the \$32.00 is wrong, you know that to be wrong.

PAUL KEATING, PRIME MINISTER: Up front.

JOHN HEWSON, OPPOSITION LEADER: I have a letter here from the AMA saying on behalf of 20,000 doctors that our policy is not going to result in them changing their fees. They are not going to change their fees. This is a Labor lie in this election campaign that ...

KERRY O'BRIEN: Okay.

JOHN HEWSON, OPPOSITION LEADER: That fees are going to go up, doctors fees are going to go up.

KERRY O'BRIEN: You are placing enormous, you are placing enormous trust in business to be honest. You are placing enormous trust in doctors to do the right thing.

JOHN HEWSON, OPPOSITION LEADER: Well doctors are respectable people, they write me a letter and they say on behalf of 20,000 doctors we can say we are not going to change our fees and that this is, this is a Labor lie in this campaign.

I think that's a pretty, a pretty persuasive statement. And I think importantly we are going to deal with the question of hospital queues. Now, with 100,000 people, look, does the Prime Minister have private insurance?

Do you have private insurance?

PAUL KEATING, PRIME MINISTER: No, no.

JOHN HEWSON, OPPOSITION LEADER: But you should have shouldn't you?

PAUL KEATING, PRIME MINISTER: Why should I? I believe the public system works, why should I?

JOHN HEWSON, OPPOSITION LEADER: But the very fact that you don't have private insurance means that you and your family can take beds in public hospitals that should otherwise go to those people that are waiting in the queues.

KERRY O'BRIEN: Okay, now ...

JOHN HEWSON, OPPOSITION LEADER: And you know that? It's true, it's true.

KERRY O'BRIEN: I will ask you a question in a moment Paul, you can answer then. Well let me put this to you very briefly.

JOHN HEWSON, OPPOSITION LEADER: Well can I make the point?

KERRY O'BRIEN: Well you have made the point.

JOHN HEWSON, OPPOSITION LEADER: It's very important, it's a very important point.

KERRY O'BRIEN: Well this goes to that point. And the fact is that under your system you will hit a family where the husband and wife are earning between them \$50,000.00 a year, if they have got two or three children it doesn't matter. Let's say they have got three kids. You are going to penalise them \$800.00 a year if they don't take out private health insurance.

JOHN HEWSON, OPPOSITION LEADER: That's right.

PAUL KEATING, PRIME MINISTER: That's right.

KERRY O'BRIEN: \$50,000.00 a year for a family like that I would suggest to you is right smack in struggling middle income territory.

JOHN HEWSON, OPPOSITION LEADER: But hang on.

KERRY O'BRIEN: Very often ...

JOHN HEWSON, OPPOSITION LEADER: They get tax cuts.

KERRY O'BRIEN: ... they will pay \$1,000.00, maybe more for their private insurance. You are saying they don't have a right to a public hospital.

JOHN HEWSON, OPPOSITION LEADER: No what I am saying is, let me, I am saying two things.

One, the point I was making about the Prime Minister is wealthy people like the Prime Minister ought to pay for private insurance so that ...

PAUL KEATING, PRIME MINISTER: I believe in the public system.

JOHN HEWSON, OPPOSITION LEADER: ... people do not die in the queues waiting for public hospitals.

PAUL KEATING, PRIME MINISTER: I believe in the public system, I, we are, I am the author ...

KERRY O'BRIEN: You have said that.

JOHN HEWSON, OPPOSITION LEADER: Wealthy people should.

KERRY O'BRIEN: You have said that, okay, what about the case I put to you?

JOHN HEWSON, OPPOSITION LEADER: Okay, so you have to make a decision as to where you cut off and at what point is appropriate for people to start to take out private insurance.

We made the decision at \$40,000.00 for a single and \$50,000.00 for a couple on the grounds that at those income levels they are getting very large tax cuts and if they have got kids they are getting a doubling, you know, or whatever their income level is, they are either getting a doubling or a 50% increase in family allowances.

They are getting a lot of money targeted into the system but to make the system work we have got to get people to take up private insurance.

He should be required to take it out and so should all the wealthy.

KERRY O'BRIEN: That's right, but hang on.

JOHN HEWSON, OPPOSITION LEADER: He should be required to take it out.

KERRY O'BRIEN: Force people.

JOHN HEWSON, OPPOSITION LEADER: Penalised if he doesn't so that the money can be actually channelled to those in need. And the low to middle income earners who don't have any access to private insurance are going to get tax rebates, money in their pocket to take out private insurance. So that ...

KERRY O'BRIEN: Okay, well I have got to put the same question to him and we are getting close to time.

JOHN HEWSON, OPPOSITION LEADER: Well the point, can I, the point is ...

PAUL KEATING, PRIME MINISTER: Kerry, Kerry.

KERRY O'BRIEN: Well ...

JOHN HEWSON, OPPOSITION LEADER: ... they will get treatment which they don't get now because they are sitting in a hospital queue and you are keeping them in the queue...

PAUL KEATING, PRIME MINISTER: Kerry.

KERRY O'BRIEN: Righto, Paul ...

JOHN HEWSON, OPPOSITION LEADER: ... by not taking out insurance.

KERRY O'BRIEN: Let me put the question to you and you can answer him at the same time.

The evidence is clear that you haven't been able to contain health costs or you wouldn't have had to put the levy up. You can't keep doing that every time the bill get too high so how do we know that you won't have to change the system yourself in the future?

PAUL KEATING, PRIME MINISTER: Because it's been stable at around 8% of GDP.

KERRY O'BRIEN: But you have had to put the levy up.

JOHN HEWSON, OPPOSITION LEADER: He is going to double the level.

PAUL KEATING, PRIME MINISTER: But it's stable. But services, diagnostic imaging, pathology has all improved over time.

KERRY O'BRIEN: But it's costs, it's costs going up.

PAUL KEATING, PRIME MINISTER: I know. We have largely kept, we have largely, we have got it at half the American system. It costs half as much to go to a

doctor and have an operation in Australia which is half of what it is in the United States.

JOHN HEWSON, OPPOSITION LEADER: He has a secret agenda to put the levy up.

KERRY O'BRIEN: But the trend is up.

PAUL KEATING, PRIME MINISTER: John Hewson wants to send the Australian medical system, health insurance system, towards the American system.

JOHN HEWSON, OPPOSITION LEADER: Wrong.

PAUL KEATING, PRIME MINISTER: Can I just tell you this Kerry? Let me deal with this. John Hewson wants to abolish bulk billing for 13 million people who now pay nothing at a doctor. Nothing. They take ...

JOHN HEWSON, OPPOSITION LEADER: Should everyone be bulk billed? Should everyone be bulked billed?

PAUL KEATING, PRIME MINISTER: Yes they take the ...

KERRY O'BRIEN: Should everyone be bulk billed? Isn't that contributing to overuse of doctors?

PAUL KEATING, PRIME MINISTER: Just a, let me, hang on a sec. That's the 85% back. That's going to cost them \$32.00 up front, if they have two kids who are sick it's \$64.00 in a week.

JOHN HEWSON, OPPOSITION LEADER: That's wrong.

PAUL KEATING, PRIME MINISTER: If they are on an income over \$45,000.00 he has admitted tonight he is going to make them wear a penalty of \$800.00 a year or \$16.00 a week penalty for not being privately insured. He is going to force you to privately insure yourself.

And then it's going to cost you \$20.00 to \$30.00 a week to privately insure yourself. And even after you do it Kerry the consultation is going to cost you \$14.00 net.

Now if you are poor and you can't afford it it's \$32.00 up front and you get nothing back.

JOHN HEWSON, OPPOSITION LEADER: It's not.

PAUL KEATING, PRIME MINISTER: But if you are insured it costs you \$14.00 net. At the moment that costs nothing or it costs 15% of the consultation if you don't bulk bill it.

KERRY O'BRIEN: Paul ...

JOHN HEWSON, OPPOSITION LEADER: Less than 3% of doctors charge the \$32.00. Less than 3% and here is a letter from the AMA saying on behalf of 20,000 doctors ...

PAUL KEATING, PRIME MINISTER: They will write anything you ask them, they will write anything ...

JOHN HEWSON, OPPOSITION LEADER: ... that they are not going to change their fees. That's a blatant lie and you know it. That's a blatant lie.

PAUL KEATING, PRIME MINISTER: They will write anything you ask them to write.

JOHN HEWSON, OPPOSITION LEADER: You will say or do anything to get re elected.

KERRY O'BRIEN: We have got, we have got...

PAUL KEATING, PRIME MINISTER: They will do anything, they will write a letter to you, anything you ask them to write they will give you because the doctors union is what you are bidding for.

JOHN HEWSON, PRIME MINISTER: You are impugning twenty thousand dollars.

KERRY O'BRIEN: We have got a few minutes left, can we move on. Can we move on very quickly.

PAUL KEATING, PRIME MINISTER: Can I just say this Kerry. It's a rotten system, it's a rotten system. This proposal.

KERRY O'BRIEN: No, we are out of time on this Paul. We are out of time. Mandate, mandate. If you get into office we have got the democrats saying point blank that there are a number of key elements of your plan that they will reject in the senate outright. Not that they will sit on quietly and toss over in their minds, they will reject.

They will reject your interference on Medicare and their terms. They will reject the GST. They will reject key elements of your industrial relations.

Now on the basis of what you have said in the past about that, what John Howard, at least one of your senior ministers, shadow ministers have said about that you will force another election if your key elements are thrown out.

So that means that this country will face another costly election process in a year or possibly even less.

JOHN HEWSON, OPPOSITION LEADER: Well I don't accept that because I don't believe firstly that the Democrats are going to matter. And I think it's a good point that both of us would like to make.

KERRY O'BRIEN: They have already got five senators with them John.

JOHN HEWSON, OPPOSITION LEADER: Hang on, but I can, and secondly ...

PAUL KEATING, PRIME MINISTER: Can I just...

KERRY O'BRIEN: No, but they have already got five senators sitting there that ...

JOHN HEWSON, OPPOSITION LEADER: Well the vote is polarising so we will see what happens. I haven't given up our hope of winning the Senate or winning enough in the Senate to have influence.

Secondly, he has said that the leader, the Prime Minister has said that in Opposition they will vote for our package. They will vote for it. So it doesn't matter what the Democrats do.

KERRY O'BRIEN: That's ridiculous.

JOHN HEWSON, OPPOSITION LEADER: He is going to vote for us and he reiterated it today. He reiterated it today so we won't, this issue will not arise.

And thirdly, surely, by going out there and openly and honestly saying what needs to be done we not only will get a mandate, we will deserve a mandate and if democracy means anything in this country we ought to be allowed to implement our policy. And that's where we stand.

KERRY O'BRIEN: Very briefly Paul Keating. You are going to stick by what you said in the parliament? You will support the GST through the senate from opposition?

PAUL KEATING, PRIME MINISTER: I, we, I expect to win the election Kerry. There will be no, there will be no GST ...

KERRY O'BRIEN: But we all know that ...

PAUL KEATING, PRIME MINISTER: There will be no GST.

KERRY O'BRIEN: Paul.

PAUL KEATING, PRIME MINISTER: There will be no GST under us and the advice I say to people.

KERRY O'BRIEN: Paul, it is abundantly clear to everyone that you stand a second to none chance of losing this election. And you have stood up in the parliament late last year and you said we will support the GST through the senate from opposition.

PAUL KEATING, PRIME MINISTER: What I have said ...

KERRY O'BRIEN: You were prepared to canvass losing the election then, you must canvas it now.

PAUL KEATING, PRIME MINISTER: What I am simply saying is that the Labor Party always observes the conventions. And the conventions are that the money bills of the government of the day are passed.

KERRY O'BRIEN: So you will support the GST?

PAUL KEATING, PRIME MINISTER: A GST which is a tax bill of \$24,000 million, half the income tax is a money bill of the opposition and I believe it should therefore pass the senate.

KERRY O'BRIEN: Okay, we must come to the final question.

PAUL KEATING, PRIME MINISTER: Even though I say I am vehemently opposed to it and am campaigning against it.

KERRY O'BRIEN: Okay we must come to the final question to each of you.

JOHN HEWSON, OPPOSITION LEADER: [Inaudible].

KERRY O'BRIEN: Okay. Final question to each of you now. John Hewson, your proposing a number of policies, a very broad and radical stretch of policies across the whole cross section of society. You are doing it in the '90's. Many of those policies reflect the policies and philosophies of Thatcherism in the '80's and of Reaganism, and of Reaganism and they do represent significant change.

Two things, can you really ask the people of Australia to take you on trust that you will deliver the changes, the radical changes that you say you can do after they have already suffered themselves a decade of change?

And secondly, why should they have confidence that you are right when governments are being rejected in other parts of the world who have been pushing many of those policies for the last decade?

JOHN HEWSON, OPPOSITION LEADER: Well you can't translate the experience of any other country to Australia. There is no attempt by us to be a Reagan or to be a Thatcher. That is just dead wrong.

KERRY O'BRIEN: But Margaret Thatcher has addressed your own party.

JOHN HEWSON, OPPOSITION LEADER: But what, but so, I mean, a lot of people have talked to us.

KERRY O'BRIEN: Alright, John.

JOHN HEWSON, OPPOSITION LEADER: But the fact is that we designed a policy package for the circumstances today. And why do we do that? Because we are absolutely appalled at the prospect that is in Australia today. That under the sort of policies you have seen of this government we are about to see our kids inherit a lower standard of living than we have in fact enjoyed ourselves.

PAUL KEATING, PRIME MINISTER: That's unfair

JOHN HEWSON, OPPOSITION LEADER: Hang on, it's already harder for them to get a job, for them to get an education, for them to buy a home, for them to settle down, for them to prepare for their retirement. It's much harder than it was for us.

And that is absolutely unacceptable in a country like Australia. We are a wealthy country, natural resource wealth. Great mines, great farms, great manufacturing industries, great tourism and other services, sectors in Australia.

We are well placed on the edge of the fastest growing region in the world, the Asia Pacific region. We owe our kids a better break. They deserve a better break. They have had ten years of these guys and they haven't done, they haven't done anything but make it worse.

In the last election they promised no recession. Today we have got the worst recession in 60 years. Unemployment has gone up by nearly 500,000. It's nearly doubled since the last election and our living standard has been cut by about 3½%.

We are going backwards and all the countries in our region, Singapore, Taiwan, Hong Kong, China, Malaysia. They are all out performing us and if you had said that to me 15 or 20 years ago I would have thought you were out of your tree.

How on earth could they out perform us? Bu they have and we have become marginal and the bottom line is our kids are facing a more restricted range of opportunities. And I for one will never accept that situation.

KERRY O'BRIEN: [Inaudible].

JOHN HEWSON, OPPOSITION LEADER: That's why we, that's why we have done what we have done.

KERRY O'BRIEN: Paul Keating, you have been hammered through this campaign by John Hewson saying you are tired, you have run out of steam, you have gone off the rails, you have got no plan. And the reason they are saying that is because they

know that your credibility out in the electorate on the economic management of this country has been shot to pieces.

You have concentrated mostly on a negative campaign, do you deserve to be re-elected on that basis?

PAUL KEATING, PRIME MINISTER: Yes because the economy is growing again. We are going to get back to strong rates of employment again. The economy is growing now, not in the future. It's happening right now.

We have kept the social wage together, Medicare, a decent social security system, cooperative industrial relations, not confrontation. We are not pushing people on to master and servant common law contracts. We have got that co-op, that cooperative spirit still in the economy.

We have changed all of the micro areas of the economy as no conservative government could ever have done. We have given Australia an industrial future where the Liberal Party gave it a past as a farm and as a quarry. It's now able to lock itself in to the Asia Pacific selling innovative products produced from the product of our education system because only we have decided that to bring Australian kids through secondary school and to put them into tertiary education and into Tafe.

The kind of society John Hewson wants, the policies he wants is a radical shift for the worse. It's not a change for the better, it's change for the worse. It's a radical shift back to the policies of reducing the Australian, Australian national values to the lowest common denominator of an individual. Just on the model of Thatcher 1979 and '80. The whole cooperative spirit would go, we would lose the impetus that we have now got.

Australia is largely restructured. Our future in the '90's is profound. We are in one of the best parts of the world. We are growing now faster than anywhere else.

KERRY O'BRIEN: Wind up.

PAUL KEATING, PRIME MINISTER: And that's why I say the notion, and can I just say.

KERRY O'BRIEN: Very quickly. We have got five seconds.

PAUL KEATING, PRIME MINISTER: Let's not kid ourselves. My kids have got a much better standard of living than I ever had as a child and I am sure that's true of every Australian kid. Let's not have this nonsense that we are actually worse off today than we were 20 or 30 years ago. We are miles in front.

JOHN HEWSON, OPPOSITION LEADER: In a country of queues.

PAUL KEATING, PRIME MINISTER: We are kilometres in front.

JOHN HEWSON, OPPOSITION LEADER: A country of queues.

KERRY O'BRIEN: That's where we leave it. The debate is over. Thank you both very much to Paul Keating and John Hewson.

Thank you for persevering with us through these two debates and good luck for the next week.

Thanks very much for joining us tonight. Thank you.