

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

Moderator: Kerry O'Brien, Sixty Minutes, Channel Nine, February 14th 1993

KERRY O'BRIEN: ... Sydney for the first of the televised debates between the two candidates for Prime Minister in this election campaign. The second and final debate will be three weeks from now, at the start of the last week before election day March 13. I will come to the rules of this debate in a moment. But first let me introduce the participants.

To answer questions on economic and social policy for the next hour we are joined now by the Prime Minister, Mr. Paul Keating and the Leader of the Opposition, Dr. John Hewson.

Asking the questions will be Paul Kelly, editor in chief of the Australian newspaper and political historian. Long time chief political correspondent for The Age newspaper in Melbourne, Michelle GRATTAN. And Laurie Oakes, political editor for the Nine television network.

I am Kerry O'Brien from the ABC's Lateline program and I will be moderating the debate.

Very briefly, the rules are as follows. I will ask each leader an opening question and they will each have two minutes to respond. We will then go straight to questions from the panel to each leader in turn. Again, the leaders will have a maximum of two minutes to respond to a question. If the panellist exercises the right to a follow up question the leader has a further one minute to respond. As each question and answer exchange between a panellist and a leader ends, the other leader then has one minute to talk on the same issue.

I will end the debate with a final question to each leader, again, each will have two minutes to respond.

We have tossed a coin to determine poll positions and Dr. Hewson won and he has nominated Mr. Keating to take the first question.

So Paul Keating, Labor has had ten years in government, why should Australians give you another term.

PAUL KEATING, PRIME MINISTER: Because I think the election Kerry is only about one thing. It's about how we can continue to engender a recovery, how we can promote investment, how we can un, how we can unlock employment and see employment grow and get Australia growing back through the '80's.

We have already seen very large changes in the structure of our economy, we are now exporting twice as much as we were a decade ago. We are now, our manufactured exports are up by a third, our service exports are up by a third, it's now about a recovery. We are now growing faster than any OECD economy, any western industrial economy.

We have seen some signs now of employment coming through, 87,000 job growth in the last month. The economies are said to accelerate through 1993, '94. The

Economist magazine says that we are on, we are forecast to grow by 3%. Now Dr. Hewson says the problems with Australia are bad, we are on the slippery slope to nowhere.

If they are so obvious, how come, in a country, how come he has the most inappropriate policies in a country which needs, more than anything else, spending in investment, yet his first major policy is a huge new tax on spending. A GST and his ancillary policy, his accompanying policy, is industrial relations system which would wreck our 0.3% inflation rate, ruin the cooperation we have had now for most of the last ten years, the lowest strikes in 60 years. Ruin that and put us in a position where rather than accelerate cooperatively, grow together cooperatively, change Australia cooperatively, as we are doing now, we would just stall the recovery, the spending tax would just jam the recovery off in its infancy. The growth to employment wouldn't occur and we would find ourselves slipping back rather than being up the front of industrial nations in terms of growth as we are now.

KERRY O'BRIEN: John Hewson, you have outlined an agenda for major change across the whole social and economic landscape of Australia. Why should Australians embrace such an agenda?

JOHN HEWSON, OPPOSITION LEADER: Well the simple answer Kerry, to your question is that I believe we would provide the leadership which when we work with the people of Australia would solve our problems in the fairest possible way.

You don't need me to tell you how tough times are out there right now. In the deepest recession in 60 years, last week we saw that unemployment went over the one million mark and of course we have debts that now total \$200 billion, or nearly \$12,000.00 to every man, woman and child in Australia.

Now to be fair the Labor Party when they started out did take some bold and some important decisions to the benefit of the people of Australia. But since then they have quite frankly, lost the plot.

You know, they have had their way for a long time, in Australia, they have had their chance. It hasn't worked, they haven't provided the leadership, they haven't been fair, they haven't solved the problems, they haven't got a plan.

By comparison we brought down the Fightback document as our plan which we believe is the most complete and open and honest assessment of Australia's problems and circumstances and probably the most detailed plan ever to be offered to the people of Australia about the future of their country.

At the end of last year we made some changes to that plan having listened to people. It's not only important that we solve the problems and the recession was deeper than we thought, but we also need to be fair and be seen to be fair by the community. We now believe we have the package that deals with the problems of Australia.

We will aim to do three things very simply as a result of Fightback. First to solve the problems, to create jobs, to deal with the hospital queues, the fact that our kids can't get an education. And I think realistically we could aim to restore our position in the top ten in the world in terms of standard of living by the end of this decade.

Secondly we would restore security and hope to the people of Australia and thirdly we would restore pride and confidence and hope in our great country.

KERRY O'BRIEN: Thank you. Laurie Oakes, first question.

OAKES: Mr. Keating, Australia went into recession ahead of the rest of the world largely because you raised interest rates too high and kept them there too long. In light of that is it fair to say that a million unemployed is your pretty direct and personal legacy and also given that and given that your first economic statement as Prime Minister was chokers with wildly over, wildly over optimistic forecasts that have since been discredited, I guess the question is how can you look voters in the eye in this campaign and why should they take notice of you anymore in the economy?

PAUL KEATING, PRIME MINISTER: Well, Laurie, when I became Prime Minister the thing I said was I dedicate myself to getting the economy growing again and get employment started again.

The economy is growing somewhere between 2% and 2½%. It's growing faster now than any western economy. That's simply a fact. In a survey of international economists the Economist magazine last week has Australia growing at 3%. Australian domestic economists, even economists who modelled Dr. Hewson's Fight-back believe we will be growing at 3% to 4%, that's back in the big league, next year.

We are seeing now job growth coming through. I think we are on the cusp of a significant recovery. I introduced One Nation to get the economy started, it's happened. We didn't grow as fast as One Nation forecast because the rest of the world fell in a hole, or half the world fell in a hole later in the year. Japan went into recession. We have grown at 2 ½, around 2½% at the moment.

Now, it's, that's what it's about. Whereas, what I say of my opponents is that their prescription, Dr. Hewson says he has a plan, he has, it's the wrong plan. The fact is it's the wrong plan.

At a time when we need, we have spent the last two years trying to lift spending and investment, what's his first remedy? A tax on spending. A huge lifestyle changing tax on spending equal to half the income tax. A 15% goods and services tax on everything. It won't, not only will it not promote a recovery, can I also say this, that under the investment allowance introduced in One Nation we now have 130 billion, 130,000 million of projects on the book, books. An avalanche ready to fall in terms of investment.

The charge was put into that avalanche last week with a 33% company tax by Labor and a further investment allowance of 10%. So we got the growth, we got the investment sitting there. 130 billion, enormous, an absolute avalanche and once it starts to go the economy starts to move. That's what it's all about.

LAURIE OAKES: Well am I right in thinking that you have said very often that 3% growth will not boost employment, will not end unemployment? You need to grow faster than that to improve the unemployment problem?

PAUL KEATING, PRIME MINISTER: What I have said Laurie you need, you need to consistently, to be able to consistently run at about 4% for a, for a long number of years.

LAURIE OAKES: So 3% tip by the economists is not enough to bring down unemployment?

PAUL KEATING, PRIME MINISTER: No 3% to 4% no, but we are accelerating. We are starting to see employment coming now and will start to see it all the way up.

What keeps it, what keeps, what provides enough employment to get unemployment down is a constant 4%. But you need an incomes policy to do it. You can't have 4% growth and under 1% inflation with the policy of the Opposition. That's the point we have been trying to make.

You made a point earlier Laurie about Australia going into recession. Yes, we were one of the first in, but we are also the first out, we are also the first out. And in the essence ...

LAURIE OAKES: What you say we are out now with a million unemployed?

PAUL KEATING, PRIME MINISTER: No, on certain terms of growth. Growth. There is still the aftermath of the recession. But in terms of growth we are about the first out.

KERRY O'BRIEN: Okay, Dr. Hewson, your response for one minute.

JOHN HEWSON, OPPOSITION LEADER: Well the simple fact is, as the Prime Minister has said himself, if you can't get 4% growth you should give the game away. And all we have heard for ten years, through his time as Treasurer and his time as Prime Minister, is things were always going to get better.

We always had an explanation for why things would work. The numbers, the good, all the tough decisions have just been taken, the good times are just around the corner.

Well ten years on nobody would believe that anymore. And in fact if you just look at the period since the last election, real living standards in Australia have fallen by 3½%, and unemployment has almost doubled. And we have not yet seen the peak of unemployment.

I know they are trying to put a brave face on it but we have not yet seen the peak of unemployment. And there is nothing in the package that they have suggested that will deal with that problem.

KERRY O'BRIEN: Paul Kelly, a question for John Hewson.

KELLY: Dr. Hewson, why should the public trust you given that you have spent the past nearly three years saying that you wanted to be right not popular, that you would never change fight back one, never, no matter what happened, but of course you did change when the poll suggested you might lose the election?

What guarantee do people have that if you become Prime Minister you won't get into office, look at the figures, say sorry, it's tougher than we thought, I have got to break my promises, we need much harder medicine to fix this economy?

What guarantee is there that you won't do that?

JOHN HEWSON, OPPOSITION LEADER: A couple of quick points first. I never said I wouldn't change Fightback because in the original document we foreshadowed a number of changes. And I did go all over Australia and listen to people and see whether in fact, how it was being received and whether they were willing to build community support behind that document.

As the year went on it was quite clear that although we were seen as pessimistic the recession was longer and deeper and more painful than even we had thought and most importantly I guess a large part of the electorate thought we had been unfair, in particular, in taxing food. Church leaders came out, community leaders came out.

And as I said in my opening remarks, we not only have to look like we are fair, or think we are fair, we have to be perceived to be fair. As to whether or not we will change, well, we have told you all that we can about the state of the economy today. We haven't waited til after the election to lay it all out.

In the last few days I have expressed a concern that the economy may double dip. I think there is evidence to suggest now that that is the case. I don't do that lightly.

In the last election campaign I predicted we would go into recession. I was told I was wrong. I then said it would be the worst recession in 60 years, I was told it was wrong. I have given you an open and honest assessment of where we see the economy today so when we get into government we won't be suddenly saying, oh things are much worse than we thought.

We have painted the picture honestly and openly and we have advocated the difficult decisions before we get into government. We have told everybody all the good news if you like and all the bad news as the way it's been received into the electorate. And we are confident that we have the plan that will solve the problems. We set out a strict time table as to how that, that plan can be implemented and I think the important change in December was to add the recession-busting package which brought forward some of our initiatives, the accelerated depreciation in investment allowance to kick start business investment. Bringing forward of pensions and tax cuts and family benefits to put money in people's pockets. The quickening of the approval process for major developments. The Rebuild Australia fund.

We can start creating jobs from day one.

KELLY: Well let me put the flip side of this question, I mean, you always disagreed with the government forecasts. Will you give a promise that if you become Prime Minister you will conduct a thorough and immediate review of the entire fiscal position of the Commonwealth. And if in fact it is worse than what you thought, if in fact we do face the prospect of a double dip recession then you will make a virtue of changing policy, that you will in fact be prepared to break or modify some of your policy promises in the course of the national economic interests?

JOHN HEWSON, OPPOSITION LEADER: We don't believe that that would be in the course of the national economic interests. Because we have already factored in this very pessimistic assessment of our current circumstances.

KELLY: So you ...

JOHN HEWSON, OPPOSITION LEADER: We will certainly however do a full account and make that, a full audit, and make that available. We have said that. We will certainly have the Treasury and the Reserve Bank as separate organisations publishing and defending their own forecasts.

There won't be any fiddling of forecasts in my office. They will publish their forecasts and defend them. The Reserve Bank will be expected to do the same.

If I do disagree with the forecasts in our own assessment I will be quite happy to say publicly where I disagree. And I think, you know, I believe, quite frankly, that we have a responsibility to take people into our confidence and to tell them openly and honestly where we are and where we are going.

Because the downside of not doing that is that you can counter economic problems. If you firstly raise their expectations and you fail to deliver the down side is that you make the problems worse, you compound our economic circumstances.

KERRY O'BRIEN: Paul Keating, your response.

PAUL KEATING, PRIME MINISTER: Well look, two things.

Dr. Hewson persists with this Jeremiah stuff. He says the economy is about to go back into recession. A double dip recession. The economy is growing now between 2% and 2½%. It's been growing, growing positively now for six quarters. For six quarters.

All economists estimate, even those who have, who have done Dr. Hewson's own work, that the economy is going to be growing in the 3% to 4% area next year.

Talk about double dip recessions is simply designed to mislead the public and to diminish the hope and confidence that is now occurring.

He said we haven't seen the peak of unemployment yet. Unemployment fell by nearly half a percentage point last week. We saw 87,000 job growth. I am confident it's peaked and it's on it's way down.

The second thing he says is he talks about his proposals. He said he wants to kick start the economy. When I talked about that in One Nation he said it was dead wrong. He attacked me in the budget, he said that a fiscal stimulus doesn't work. He has had to abandon his policy under Fightback and adopt the government's policy. He has removed, he said, the tax from food, yet he believes that every mouthful of bread you eat should be taxed.

KERRY O'BRIEN: Can you wind up please.

PAUL KEATING, PRIME MINISTER: And given the opportunity he will tax it.

KERRY O'BRIEN: Michelle Grattan, your question to Paul Keating.

GRATTAN: Mr. Keating, both of you are promising a growing economy and slowly falling unemployment under your programs. Could I ask you to be more precise, what are your forecasts for the end of the next term for, firstly growth, secondly the level of Australia's debt and thirdly unemployment?

And I would ask Dr. Hewson, when his turn comes to reply to also address those three forecasts.

PAUL KEATING, PRIME MINISTER: Well I don't think forecasts three years out, Michelle, are worth the paper they are written on.

You are flat out forecasting, in any country in the world today, over a period of six months. I will just say this to you ...

GRATTAN: You had some in One Nation.

PAUL KEATING, PRIME MINISTER: Yes, but you had them for a year. Not for a term. A term is three years. No one is forecasting for three years. You can't predict commodity prices, you can't predict what's happening in the world. It's impossible.

All I am saying is this, the fact is we are growing now. We are growing now and we are accelerating. We have got 130,000 million of projects.

I mean it's, compared to a fiscal boost of the kind Dr. Hewson is talking about a couple, two billion off the budget compared to 130 billion of private investment registered under the investment allowance and ready to go. That's where the growth is going to come. So the growth is going to be there.

The government has always dedicated itself to growth.

When I became Treasurer the economy was 200 billion in size. Dr. Hewson says we have come nowhere. This year it's 416 billion in size. The Labor market, notwithstanding the unemployment, which is far too high, is a quarter bigger than it was ten years ago.

The fact is under the accord model we have always dedicated ourselves to growth and growth that comes fairly. That is we are not about to rip people's wages apart. We are not about to abandon the social wage. We are not about to rip ten billion out of spending. We are not about to wreck Medicare as Dr. Hewson proposes to do. We are not about to cut money out of the social security system, we are not about to take it out of the public sector like the ABC, the arts and all these other places which, we will grow Australia sympathetically, cooperatively and as we move into the following term, with low inflation.

We have now got the lowest inflation rate in the western world and we have got it there by cooperation and I say there is a low inflation recovery for Australia in the '90's, locked into the Asia Pacific with all the linkages created by this government.

The prospect for Australia in the '90's are as good as any country in the region, in fact in many respects, better.

GRATTAN: I think at least though people would like to see a target for unemployment three years on and secondly given that your economic predictions haven't been all that crash hot in the past, are you willing to modify your program, including your legislative tax cuts, if circumstances turn out to be different than what you foresee?

PAUL KEATING, PRIME MINISTER: Well we introduced, we have got tax cuts which have just passed through the Parliament before Christmas, which cut the 38 rate to 30 at the immediate income, the income of \$25,000.00 and beyond.

We have got a company rate at 33%, Dr. Hewson has it at 42%. We have got it competitive with every area of every country, with the countries of the South East Asian region and we don't have a GST. I say Australia needs those tax rates to make the opportunities for itself in Australia and in the region and to give tax equity to people.

I don't believe that those rates are not sustainable.

GRATTAN: If they became not sustainable would you be flexible?

PAUL KEATING, PRIME MINISTER: Well I don't believe that, look, as growth picks up the revenues will pick up. The story of the '80's is as growth picks up the revenue has come back in abundance. And, and it is this government after all, that produced the first fiscal surplus in the nation's history. We produced three or four huge surpluses.

The structural budget outlays of the Commonwealth are the way they are now because of these years.

KERRY O'BRIEN: Okay, Dr. Hewson, your response.

JOHN HEWSON, OPPOSITION LEADER: Michelle, our package starts on those three objectives from day one. To stimulate growth, to bring debt under control and to deal with unemployment.

And there are a whole host of individual measures that work individually and collectively to bring that about.

The answer to your specific question is I would be happy to have the Reserve Bank and the Treasury make those forecasts in their own name and put them out there in the early days of the Hewson government. At this stage we don't know, we haven't got an honest assessment from the government, for example, about unemployment.

They say it's coming down. I see no evidence that it's coming down when we have yet to see the full impact of the school leavers on unemployment. We did however set a longer term objective, something to, we can work towards by the end of the decade and that is to at least halve the unemployment rate and to create around two million jobs over that period.

And that is what Fightback can do. And we have got individual decisions like pay roll tax, the abolition of that alone on the Prime Minister's own estimate would create 200,000 jobs.

KERRY O'BRIEN: Laurie Oakes, your next question.

OAKES: Dr. Hewson, the Goods and Services Tax, it will surprise you to get a question on that. Pollsters tell me that people say they don't understand how the GST is going to solve the unemployment, unemployment problem. So can you tell us how will a new tax on everything from children's clothing, to water, to heating, to light, to bus fares, how will that fix the economy?

And secondly, everywhere else where they have introduced the GST it's gone up quickly and substantially, why won't that happen here? Why should Australians trust politicians, you, a politician, with a new tax that can be raised so easily?

JOHN HEWSON, OPPOSITION LEADER: Well thanks very much for that question Laurie because it allows me to dispel a myth that has already been perpetrated here tonight.

The Fightback package is not just tax reform and it's certainly not just GST. Tax reform including GST is only one element of what is a 20 point plan that goes right across education, health, kick-starting the economy, immigration, foreign policy. It is an integrated package, a very large package to deal with most of our economic and social problems.

The GST itself however is an important part of that. One of our problems is our balance of payments. The fact that our exports aren't as strong as they should be and we import too much. The GST is consistent with boosting exports because it takes tax off exports and it puts tax on imports.

It discourages imports relative to domestic production which is the direction you want to go.

The question about debt, we don't save enough in Australia. We borrow the savings of other countries. The goods and services tax, as part of the package to stimulate savings, and there are a lot of developments that stimulate saving, does work in the

consistent direction. It puts money back in people's pockets, it's a pro-saving on the government's Economic Policy Advisory Committee's own assessment. And therefore it works in the correct direction of solving the problem.

And thirdly of course the GST, as part of tax reform, is instrumental in allowing us to abolish \$20 billion worth of tax on the business community. Things like pay roll tax, sales tax, petrol excise, the training guarantee levy, freezing the superannuation guarantee levy. They are major costs imposts on business today. That's what's stopping the business community investing, it's stopping the business community creating jobs and so the GST in its own, in its own right is an essential part of that package.

But we will get the economy buzzing along by the kick start that will come from July of this year. \$2 billion worth of an investment allowance to create a climate for business investment. \$3 billion going to infrastructure projects essential to that pick up in business investment.

And of course the bringing forward of pension increases, family benefits and tax cuts puts money back in people's pockets. We cut business costs, we boost demand and we create the circumstances for the economy to hum along.

OAKES: When you say you abolish \$20 billion in taxes on business, you put a new one on business worth \$27 billion. I, forgive me, I don't understand how that is going to help. And you dodged the question of what guarantee we have you won't whack the tax higher once you are in office?

JOHN HEWSON, OPPOSITION LEADER: The second part I will take up, I ran out of time on the first bit. There won't, there is an absolute guarantee, in two respects. One it will be embodied in legislation.

OAKES: That doesn't mean anything though, you can change legislation.

JOHN HEWSON, OPPOSITION LEADER: Two, I have said that not only will I, but all my front bench would resign if that proposal was to be put forward.

I am dead serious that we have done the sums. I mean a lot of people have said that you could have brought it in at a lower level and raised it later. We took an assessment at the time as to what was the level that we needed to deal with the problems of payroll tax and sales tax and petrol tax and so on so we could abolish them and that's the level we put it at.

Secondly, the tax isn't on business. The tax in effect, is paid at the final level of process. GST is pro-business and that's why some 70 other countries around the world have a goods and services tax system and when we don't have it we are at a major competitive disadvantage.

Our business is at a major competitive disadvantage to businesses in other countries. And as I said before, it's the only way I know of under the GAT, where you can subsidise exports by taking tax off them. By putting a tax on imports which is consistent with what we have got to do with our balance of payments.

KERRY O'BRIEN: Paul Keating.

PAUL KEATING, PRIME MINISTER: Kerry, this is a huge tax impost. It's a life style change in tax. It will change the way that we live in this country. It will tax every good and service in the economy bar some basic food items.

Just about everything will be taxed.

Dr. Hewson says that it will abolish payroll tax. The heaviest tax you could ever put on Labor is a value added tax at each step in the production chain where value is added by Labor. A GST is a heavier tax by Labor by four or five fold than is a payroll tax.

Dr. Hewson says we are stopping business investing yet he wants to put a 42% company rate on, company tax and a 15% GST which Laurie Oakes correctly identifies as raising \$24 billion on business compared to 33% company tax under Labor. And a huge investment allowance.

I mean, he is the one that's going to stop business investing and these taxes have gone up in every country in the world. Britain from 10% to 17%, New Zealand from 10% to 12½%, Denmark from 10% to 22% and it would go up in Australia.

KERRY O'BRIEN: Okay, Paul Kelly, your question to Paul Keating.

KELLY: Mr. Keating, you have been talking about growth prospects for the economy but you know perfectly well that this economy can't return to sustained high growth unless we save more, invest more and borrow less.

Now this is the issue which so far both leaders have not addressed comprehensively in this election campaign. I ask you what is your plan to ensure that we boost the level of national savings to ensure that we return the budget to balance, and can you give us a timetable over which you will return the budget to balance?

PAUL KEATING, PRIME MINISTER: Let me go to the third question first. I would say in the area '95, '96, maybe '96, '97 we will see the budget back into balance.

KELLY: Now that's a firm commitment is it?

PAUL KEATING, PRIME MINISTER: Around that time. It will depend on the revenues, the return of the revenues Paul but again, the structure of the outlays is of course second to none in the past four years.

Can I just say in terms of savings in general, and you identified correctly that that's one of Australia's principal problems, an absence of savings, in the first instance, the government put the big plan in in the '80's for savings through occupational superannuation. We expect to have somewhere between \$600 and \$800 billion, \$600 to \$800 thousand million in super funds by the year 2000.

That's about four to five times our national debt. The Opposition have opposed that policy. They believe there shouldn't be occupational superannuation of the award variety.

The government is cutting the company rate to 33%. That allows a very high level of corporate savings. With your normal deductions for depreciation and interest the average company rate will be something like 20%. That means a company can keep 80% of its income and it's not forced to distribute.

So corporate savings will rise, superannuation will rise and the budget will come back towards balance or into balance and that will mean a huge boost to savings delivered only by the Labor Party through superannuation and through lower company tax rates. I brought the company tax rate from 49 down to 39 and now down to 33% with full dividend imputation, no distributions, locking up savings in companies.

KELLY: But this issue takes us really to the income tax question. One of the lessons, one of the great lessons from the 1980's is that income tax cuts that are not funded by spending cuts will only blow out the current account deficit and increase the overall level of net foreign debt.

Now I put it to you both, both Mr. Keating and Dr. Hewson, that you are both running unsustainable programs here because your tax cuts are not properly funded and the overall result will be to increase net foreign debt.

PAUL KEATING, PRIME MINISTER: No, well I reject that Paul.

The rate, the tax cuts which the government has introduced and which have passed the Parliament and are now law which will be paid in 1995 / 96 for the middle rate to come down from 38% to 30%. I think that's about time that middle Australia, the middle incomes got a go and that rate did come down to around 30%.

KELLY: But they are not funded by spending cuts.

PAUL KEATING, PRIME MINISTER: No, when you, they, they are in large part, in large part funded by, by the, the normal operation inflation of the tax system which picks up the largest part of it. The fact that inflation is now low means there is a real tax cut in there. There is a real tax cut in there of some, of some proportion.

I believe with growth the revenues will come back just like they did in the 1980's.

KELLY: Well if you are making a virtue of low inflation then your argument doesn't stand up.

PAUL KEATING, PRIME MINISTER: Why not?

KELLY: Because you just said you will finance them through the impact of inflation.

PAUL KEATING, PRIME MINISTER: No, no. No, no. No, I said, I said ...

KELLY: You have told us all that stuff.

PAUL KEATING, PRIME MINISTER: ... part of the cost is inflationary, is what's called fiscal drag, the normal cost of inflation.

But a low inflation recovery means a super competitive country which means the prospects for higher growth are much better than the '80's and therefore the prospect for the revenues.

We are the second lowest taxed country in the world.

KERRY O'BRIEN: Time is up.

PAUL KEATING, PRIME MINISTER: The second lowest taxed country in the world, there is plenty of growth left in the revenue.

KERRY O'BRIEN: John Hewson, you might address that point in your response.

JOHN HEWSON, OPPOSITION LEADER: Thanks Kerry.

You're right, the government has no strategy for increasing savings and controlling debt because over the period from last year through to the middle of this decade or a bit longer, as the Prime Minister just said, they are adding something like \$60 billion in cumulative deficit to the public accounts. And that's \$60 billion they put on the international bank card.

Against that we have a national savings strategy which has a number of key elements. Low inflation and an independent Reserve Bank to achieve that end. Superannuation where we make it available to average workers by a \$0.25 in the dollar tax rebate and eliminate some of the rorts that exist in superannuation today. A goods and services tax, as I said to Laurie, is pro-saving, and a very important part of the package. A stimulus to short term savings through our tax free saving scheme.

And we do fund our tax cuts. We fund them through the, through the cuts in the size of public sector, the government sector along the lines that you suggest.

The bottom line of Fightback as it stands today is that we still have \$18½ billion in that bottom line or thereabouts which is available to reduce public sector debt.

KELLY: Tax [Inaudible] economics [inaudible].

JOHN HEWSON, OPPOSITION LEADER: Well I, that ...

KELLY: Your own consultants.

JOHN HEWSON, OPPOSITION LEADER: Well we, we use a lot of consultants. But on our figuring, which is conservative and hasn't been questioned, by the government and the Treasury, is an \$18½ billion bottom line benefit, that's there.

I mean they are running deficits and putting it on the international tick, on the international bank card. We are paying for it. Our package is fully funded and responsibly so.

KERRY O'BRIEN: Okay, Michelle GRATTAN, your question to John Hewson.

GRATTAN: Dr. Hewson, to turn to industrial relations, the accord has delivered wage restraints and the market is becoming more flexible. 550,000 people are under enterprise agreements. We have had ten years of industrial peace and Australia at the moment is going through a relatively difficult economic period.

Is now the time to bring on a confrontation with the union movement, which your policies threaten?

And secondly, won't your policies on industrial relations inevitably leave some workers worse off?

JOHN HEWSON, OPPOSITION LEADER: Well, firstly Michelle, the Accord hasn't really worked in the best interests of workers or our economic position.

Although there was some wage restraint relative to what people expected they gave us wage cost increases which made us, our business, internationally uncompetitive. And workers didn't gain for a large part of the time their real wages went backwards and there are now one million workers on the unemployment scrap heap. You could hardly say that the Accord has worked in the best interests of the workers or the best interests of the economy.

Secondly, the enterprise agreements you refer to are those as I understand it under section 134, certified agreements. Which require them to be negotiated with the union. Our policy offers individuals choice. It offers them the opportunity to be a member of a union or not to be a member of a union. To negotiate directly with their employer or through somebody else like a union.

And it is in the best interests of the workers. If they leave the centralised system to go under our industrial relations work place agreements they will keep what they have got but they can do better. The basis of those negotiations will be the terms and

conditions of the awards that they leave with the opportunity of determining a better, more lucrative, if you like, a higher wage package for themselves with much greater flexibility at the work place.

And there is no suggestion that there is going to be any confrontation in that. After all, if the workers want it and the employers want it a few union leaders who might have spoken out for political reasons isn't indicative of the mood that's out there. And as I have walked from one work place to another around Australia there is a growing mood to get away from the then versus us mentality of the centralised system.

There is a growing mood to get away from the power of a few union leaders that have looked after themselves but clearly at the expense of their workers.

GRATTAN: Are you saying

JOHN HEWSON, OPPOSITION LEADER: And to go to a workplace where in fact there can be a fair sharing of the productivity benefits of what is done at that work place.

GRATTAN: Are you promising that you can deliver this policy without any significant disruptions?

JOHN HEWSON, OPPOSITION LEADER: We don't believe there will be any significant disruption. As I say, as we have identified our policy, it is fundamentally different from the Kennett government policy in the sense that we will not unilaterally remove leave loadings or penalty rates. So as I say, what they have got they keep. But they can do better and better in the sense of higher wages and more flexible work arrangements.

GRATTAN: Well just on the Kennett government, the Liberals seem to me to have an ambivalent attitude to Jeff Kennett. Alternatively praising him and then seeming to walk away from him.

If you are not Jeff Kennett, why aren't you? Aren't you committed to basically the same objectives that he has or do you think that he has gone too far?

JOHN HEWSON, OPPOSITION LEADER: I am a strong supporter of Jeff Kennett in Victoria calling Victoria the way he sees it and ultimately of course, Jeff Kennett will answer to the Victorian people and I must say ...

GRATTAN: Is Victoria different from the rest of the nation?

JOHN HEWSON, OPPOSITION LEADER: No, I must say, Victoria is in considerably worse shape than a large part of the nation. He has had to call it the way he has seen it and ultimately he will face his electoral test in that but I must say that the electoral support for Jeff Kennett is certainly growing.

We need, however, to deal with the issue of whether or not we will unilaterally remove penalty rates and leave loadings because the Labor Party, at state and federal level, has been running a massive scare campaign with the cooperation of the union movements to tell people they will lose benefits under us.

And that is just totally wrong, they won't. But they will have a more flexible arrangement where they can do better as individuals in terms of the money they earn. They can do better in terms of job security and they can do better in terms of the

flexibility of their working arrangements which I think is particularly important for women.

KELLY: But surely...

JOHN HEWSON, OPPOSITION LEADER: Who really don't fare so well under a lot of the awards.

KELLY: But surely there is another issue here and that is how tough you will be, I mean, I can remember a couple of years ago you saying that you would put troops onto the waterfront if need be to get the union reforms you wanted. Now are you, are you walking away from that sort of statement or are you still prepared to do that.

JOHN HEWSON, OPPOSITION LEADER: No, in terms of the waterfront reform process which goes way beyond industrial relations ...

KELLY: But there is a principle here.

JOHN HEWSON, OPPOSITION LEADER: As I said at the time, and I still say, as an absolute last resort and I don't believe we would necessarily get there because we would have a process whereby the, I think a lot of public pressure on some of those union leaders on the way through. As an absolute last resort if we had to we would but I don't believe we need to.

KERRY O'BRIEN: Okay, Paul Keating, your response.

PAUL KEATING, PRIME MINISTER: Could I say this Kerry. We have got the lowest level of industrial disputes now we have had in 30 years. Industrial disputes are down 60% over the last ten years as they were the previous ten and that's still the case.

We have got an inflation rate the lowest in the world at 0.3% by virtue of cooperative industrial relations in this country. By virtue of the accord and the accord structures.

What Dr. Hewson wants to do is to push wages down. At the moment the profit share in the economy, right now, is at the golden years of the '60's level. The wage share is at 1960's level. And what's Dr. Hewson want? How much higher does he want the wages, the profit share to go, and how much lower does he want the wage share to go down?

What he wants to do is to fillet people off into common law contracts, to lose the protection of awards, to lose all of those industrial conditions, minimum rates of pay and the rest. To push them into common law contracts where they take the contract or they take the sack. And that's the thanks they get for a decade of peace, for a decade of cooperation, for low inflation they get pushed down. Because they have got all the flexibility in the world now...

KERRY O'BRIEN: Times running out.

PAUL KEATING, PRIME MINISTER: ... to go up or out. But there is no flexibility down. The flexibility that Dr. Hewson and the Liberal Party wants is flexibility down with Australian ages and that's all it's about.

KERRY O'BRIEN: Okay, wind up. Laurie Oakes, your question to Paul Keating.

OAKES: Well, Mr. Keating, I suppose to balance my interjection to John Hewson I should point out that Senator Peter Walsh, your former finance minister says that your tax cuts are unlikely to be affordable. That's got nothing to do with my question.

Can I ask you about women, you have put in a lot of work in this campaign to win the women's vote, turning your self into a sensitive new age guy under the supervision of Dr. Anne Summers, but isn't there something a bit cynical about it when you consider that under your tax cut legislation taxpayers earning less than \$20,700.00 a year get nothing and the majority of that bracket, two million of them are women. Doesn't that make your tax cuts discriminatory?

PAUL KEATING, PRIME MINISTER: I gave the tax cuts to the people under \$20,000.00 in the last three rounds of tax cuts. They got it before everybody else.

When I became Treasurer, and by the middle '80's the Liberal Party's bottom rate was 30%, today it's 20%. I lifted the tax free threshold from \$4,800.00 to \$5,400.00. So it's \$5,400.00 and it's a 20 rate. But we don't believe that that said that the tax system is the way you help these low income people.

You help them by direct payments which the government has established. The family allowance supplement which pays \$30.00 a week to a family with a child under 13 or \$44.00 a week for a child between 13 and 15. It's those huge increases in the family allowance supplement and the family allowance that have supported lower income families and given people that equity which we have always provided.

Now let me just take up your point Laurie about new age pension. I introduced when I was Treasurer and more latterly, supplementary payments for low paid women, I gave for the first time the opportunity for working women to store up superannuation benefits, that is benefits which are preserved. I introduced the Child Support Agency through the tax office to chase the maintenance dodgers who are not supporting their wives and their children. I didn't need any of that. I mean, nobody accused me then of being a new age guy. That was in '86 and '87 and '88, before my staff person and colleague Anne Summers appeared on the scene.

I mean, the fact is, that in terms of the interests of Australian women, and can I say, the great rise in participation by women in the work force occurred during the years when I was operating policy. That is two thirds, 60% of the jobs of the 1.75 million jobs that occurred between 1983 and 1991 went to women.

So I don't think Laurie that, I mean, while I can always accept advice about issues Affecting women I put the policy ...

KERRY O'BRIEN: Wind up.

PAUL KEATING, PRIME MINISTER: ... where my heart is over the years.

KERRY O'BRIEN: Laurie have you got a supplementary?

OAKES: Yeah, I suppose I make the point that aren't women like men, more likely to vote on issues like economic management and unemployment rather than so-called women's issues? I mean, why are you making such a thing of women's issues?

PAUL KEATING, PRIME MINISTER: I mean I, I, preservation of superannuation benefits of women moving in and out of the workforce is something they have never had before. I did it.

Supplementary payments to low-paid women I did with the ACTU. The child support agency, access to employment. All of those policies, the support for the sex discrimination act. Now child care is, I think, just another step along the way. It's giving work, giving women a chance to join the workforce, giving them equity. We

are regarding child care as an expense incurred in the pursuit of income, to give them the opportunity to participate in the work force.

It's just another reform but a very important one. It will sit beside education and health as an Australian right which it didn't do before last Tuesday.

KERRY O'BRIEN: Okay, John Hewson, your response.

JOHN HEWSON, OPPOSITION LEADER: Thank you Kerry. I think Laurie is right in terms of the thrust of his question is that women do not do particularly well under the government's current policies. And 60% of women do earn less than \$20,700.00. They do not get a tax cut.

The workplace arrangements in place are not flexible enough for women and one of the benefits of our industrial relations system is that, is to, for example, allow them to do very simple things like negotiate child care places at the work place. To have flexibility in their hours, to forget the afternoon coffee break to go home earlier to pick up the kids and so on.

Our superannuation package allows women to actually continue in superannuation when they are temporarily out of the work force having children. And as a family they can maintain that superannuation benefit. That flexibility is important. It's not there under the government.

It's true what Laurie says, women are principally interested, of course, just like men, in economic management and right now they are particularly concerned about unemployment, a million unemployed. Not only for themselves, but for their kids and for their husbands and they probably worry about it more within a family than do the others. And so I think that an appropriate response and I am finding on childcare, this child care package is just child care for millionaires.

KERRY O'BRIEN: Briefly.

JOHN HEWSON, OPPOSITION LEADER: I mean it isn't, it's not targeted.

KERRY O'BRIEN: Okay. Paul Kelly, your question to John Hewson.

KELLY: On the question of Medicare Dr. Hewson, the surveys show that a majority of Australians support Medicare. The financial facts are that the cost of Medicare to the Australian economy is an awful lot less than the cost of the disastrous market-orientated US health system is to the US economy.

I would also point out that the effect of your scheme will be to increase the CPI about 1%. Doesn't your scheme ultimately mean that more people will pay more for healthcare and that the overall costs of healthcare will blow out?

JOHN HEWSON, OPPOSITION LEADER: Well we better make a few points very clear, Paul, in answering this question and picking up some of the comments that the Prime Minister has already made.

We are not going to scrap Medicare, we are going to keep it and we are going to improve it. And one visible improvement is that we are going to deal with the 100,000 people who are in hospital queues today waiting treatment. And the most effective way to do that is of course, to open up the possibility of more widespread private health insurance. And we do that by offering tax rebates, particularly concentrated to older Australians who are predominant in those queues so that they

can get the treatment they need much more quickly in private beds in public hospitals or in private hospitals with doctor of their choice.

Medicare, the difference between our system therefore, and the US style system I guess is important in two respects. One, we still will offer universal health cover in Australia. In the US system that does not apply. And secondly we will keep the simple community rating where we will not have people charged according to their health risk but there will be a community rating under the health insurance arrangements.

In the United States they risk rate. You pay your health insurance costs on the basis of your health risk and that's why about 40 million people have been excluded from the health system. They can't afford private health insurance.

And finally, under our goods and services tax proposal we zero rate health. That is we do not impose the goods and services tax on health so the cost of health services will then go down. It will go down, it's been admitted by the government departments. So we think we can have a better system which offers people more choice with the, with the introduction of private health insurance in particular, which is an essential part, I think, of giving them the choice they need and the control over their lives. And doing that by targeting tax rebates for the low to middle income earners in particular who found it most difficult to afford private health insurance.

KELLY: Look there is one point I would like you to clarify. Your scheme is funded very much through very significant cut backs to the public hospital sector, well over a billion a year. Will you honour the new agreement, the new hospital agreement which has been finalised by the government and states and which has the support of some of the liberal states?

JOHN HEWSON, OPPOSITION LEADER: The answer is yes and I will add, we will add \$63 million to health expenditure in our first year as well.

When you say it's funded by cut backs to hospitals it is in effect giving the money to individuals with private health insurance who then give it back to the hospitals. So the hospitals don't get the cut back. What you get is private individuals with private health insurance having a choice. And that's an essential part of the change that we want to bring about.

And of course the new agreement that is being put in place, I think it was substantially negotiated because of the pressure we put on the federal government as we negotiated independently with a couple of those states. And as I said in, as a general point to finish on, the commitments that the government has made in the time that it's been in government will be honoured by us.

And that's very important, not only in respect of health but more broadly and I think that it is very important that people understand that we will deal with the problems we inherit. We won't seek to renege on statements and commitments that are being made on which people have based very important decisions.

KERRY O'BRIEN: Paul Keating, your response.

PAUL KEATING, PRIME MINISTER: Kerry, Dr. Hewson is going to destroy Medicare he just won't say so.

At the moment 70% of all consultations are bulk billed. 13 million Australians use bulk billing, it costs them not one cent. Under Dr. Hewson's proposal they will pay

\$32.00 for every consultation up front, up front. So from nothing to \$32.00 up front and after they privately insure themselves it will still cost them \$13.00.

And if you are chronically ill you won't be insured. No insurer will take you on if you are chronically ill and for those aged people, particularly outside the pension system, they will wear the chronic problem and they will wear the cost of private insurance and they will wear the abolition of Medicare.

Paul Kelly is completely correct when he says that Liberals want to cut \$1.3 billion out of health, they want to abolish 10,000 public hospital beds while Dr. Hewson cries crocodile tears about waiting queues. He wants to take 10,000 beds out of the system. It will cost the average person, the average family \$22.00 a week extra for health care as the Liberals cut Medicare to pieces.

Now they ought to do the honest thing and say Medicare is gone, we are going to have another scheme, the doctors are going to set the common fee, the system is set up for the doctors, there is going to be a billion dollar transfer to doctors, a ...

KERRY O'BRIEN: Yes, time's up.

PAUL KEATING, PRIME MINISTER: ... 60% increase in doctors incomes which is the point of the Liberal policy.

KERRY O'BRIEN: Okay, Michelle and gentlemen, we have got, with the remaining time left I would suggest one question from Michelle with no supplementary in the time and perhaps one from Laurie. Michelle.

GRATTAN: Mr. Keating, last year you made a big thing of the need to change the flag and then you suddenly seemed to drop off the issue. Will you take action in your next term if you are re elected to get a new flag and incidentally isn't it a bit ironic that in the Labor party adds the flag is quite a big feature?

And secondly, the Labor platform is committed to the aim of Australia becoming a republic on January 1st 2001. Will you take concrete steps in your next term to start laying the ground for that?

PAUL KEATING, PRIME MINISTER: Well, Michelle, the fact that I have been speaking about these things has engendered your question has it not?

I mean, what the Labor Party platform enjoins me to do is to talk about aspects of the country's constitution arrangements with a view towards the public choosing a model for a republican structure by the year 2001.

GRATTAN: But when does action start as opposed to talking?

PAUL KEATING, PRIME MINISTER: I have been talking in those terms. And I have also said I think it's very important for the country to be clear about itself, about its arrangements and its identity. But I, look, while ever the Australian flag is as it is now I am more than proud to sit with it or in front of it ...

GRATTAN: But, sorry.

PAUL KEATING, PRIME MINISTER: That's not to say I haven't said and let me repeat, I don't believe that we ought to go round with the flag of another country in the corner of our flag. But again, that's a matter for the Australian people. And that's a matter which the government wouldn't change without the Australian people agreeing, understanding such a change and by vote agreeing to such a change.

OAKES: But would you do that in your next term?

PAUL KEATING, PRIME MINISTER: No, I have simply made the point that I think these issues should be debated in the public debate.

OAKES: But over what time frame, Mr. Keating, I think that's important information?

PAUL KEATING, PRIME MINISTER: Well the party platform makes it clear doesn't it, 2000, 2001 it says let's talk about these constitutional arrangements and the emblems ...

OAKES: But that's including the flag, that's including the flag.

PAUL KEATING, PRIME MINISTER: ... of our nationhood up to 2001.

GRATTAN: But the government has to initiate action.

PAUL KEATING, PRIME MINISTER: Well again, I mean, no point ...

KERRY O'BRIEN: Very brief.

PAUL KEATING, PRIME MINISTER: ... me repeating myself Michelle. I have told you what our position is.

KERRY O'BRIEN: John Hewson, a brief response if we can if we are going to get through this.

JOHN HEWSON, OPPOSITION LEADER: Well both issues were clearly raised as distractions. I don't think there is any more to it than that. They seem to coincide with the potential release of a bad economic piece of economic data. And I don't think there is a genuine commitment in either case.

I think the Prime Minister has been quite hypocritical quite frankly to, to now use our flag when he has been so open in his criticism of it and secondly, of course, the issue of a republic. I think that to change, to change the form of government today wouldn't make any significant difference to our capacity to create jobs.

It won't create any more jobs and so I would rather see, I don't mind having debates down the track about some of these issues, but I would rather see our economic problems dealt with today. They can be dealt with under the system we have got and anything else is a distraction.

KERRY O'BRIEN: Okay, Laurie Oakes to John Hewson.

OAKES: Dr. Hewson, Fightback contains a long list of enterprises, government enterprises to be privatised. That's presumably not your total agenda. How far would you go? Is there anything that you wouldn't privatise? The ABC for example, would you not privatise that?

And secondly, to what extent are you still thinking of privatising the delivery of welfare?

JOHN HEWSON, OPPOSITION LEADER: The ABC is not on our list for privatisation and it hasn't been debated by us either. And I would say that there is no probability that we would privatise the ABC.

Our list ...

OAKES: What [Inaudible].

JOHN HEWSON, OPPOSITION LEADER: ... as you say is already quite long, Kerry is pleased to hear it. We are going to cut \$50 million out of it Kerry because ...

OAKES: Not to pleased about that.

JOHN HEWSON, OPPOSITION LEADER: ... in the fair sharing of burden, if I cut our ministerial salaries by 10% I think we should cut the ABC and other areas of government by the same in the pursuit of efficiency.

Secondly, our list is very long though Laurie, as you say. And all we can do is in each three year parliamentary term give you an indication of how far we will go. The basic thrust though is not to raise money per se but is to engender efficiency in today's operations.

And quite obviously government is hopeless at running airlines and banks and telecommunications companies and other things. They ought to be owned by Australians and managed by Australians and run by Australians for the pursuit of efficiency.

OAKES: What about the delivery of welfare?

JOHN HEWSON, OPPOSITION LEADER: Well the delivery of welfare is an option that was discussed in the past and at this stage we haven't taken it up.

OAKES: Right.

JOHN HEWSON, OPPOSITION LEADER: And, you know, we are always looking, to be frank, for areas of efficiency gain but at this stage no.

KERRY O'BRIEN: Mr. Keating, if you could make your response brief.

PAUL KEATING, PRIME MINISTER: Oh look, the government believes in privatisations where they are appropriate.

In airlines, Australian airlines, Qantas is the case in point, the Commonwealth Bank is another case in point. We have set up a competitive model in telecommunications. We don't believe Telecom should be sold. Dr. Hewson in his Fightback has a \$20 billion sale number for Telecom, it could never be realised. It's an entirely shonky number and he knows it and his party knows it.

There is no way the Australian equities market could digest \$10 billion for two years from the sale of Telecom. When you take that out Fightback has got an enormous funding hole, it's got a \$7 billion hole according to the Treasury and the Department of Finance. It requires \$10 billion of cuts in government spending, in social security and in other areas of policy to pay for the tax cuts and it's built upon an asset sales program which has got not a snowball's chance in hell of every being realised.

KERRY O'BRIEN: Okay, and that's where we are going to have to leave the question element in this debate. We will come now to the closing segment. I have a question to each of you. My first question is to you Paul Keating and it's not a terribly difficult one in a sense.

What is the message that you most want viewers to take from tonight's debate?

PAUL KEATING, PRIME MINISTER: That the economy is growing again, that the government has engendered this growth, that it's accelerating, that employment is picking up. That there is a huge stock of investments ready to go and that basically we are going to move into a low inflation recovery in the 1990's.

But we want to do it, as the government wishes to do it, without wrecking the social wage. Without tearing our Medicare, without tearing up access and equity in education, access and equity in aged care, access and equity in child care. That we go

along transforming Australia, changing the culture as we are doing now cooperatively. At the workplace not by threats. At the workplace by cooperation.

Changing the ports and wharves by cooperation. Changing the telecommunication system by cooperation. Changing the airline system by cooperation.

Not by decrees from Canberra from a press release issued from a minister's office but by understanding the Australian community and drawing the power of the community down. We can have, now locked into the Asia Pacific, where the government has set the mechanisms up to lock Australia with the fastest growing part of the world.

We can have a solid basis for growth right through the '90's. A solid basis for employment. A lift in Australian living standards.

And I say don't put that at risk for a huge lifestyle changing tax which will basically kill the recovery stone dead, which is unfair, which is unnecessary and a disruptive industrial relations policy when we have had an outbreak of industrial peace, the likes of which we have never seen and an inflation rate last this low in 1960.

KERRY O'BRIEN: John Hewson, what is the message that you most want viewers to take away from tonight's debate?

JOHN HEWSON, OPPOSITION LEADER: Kerry, I would like viewers to focus on the fact that this is without doubt the most important election since the second world war.

Not only because of the magnitude of our problems today but importantly because of the sense of urgency we need to have in dealing with those problems. I think it is most disturbing to us that today, as a generation, we are about to leave a lower standard of living to our children than we in fact inherited from our parents.

And people should stop and think about that. It's much harder already for our kids today to get an education, to get a job, to buy a home, to start a family. To even prepare for their own retirement under superannuation.

And yet as I have gone around Australia most Australians have said to me how can this be? We are such a wealthy country, we are so well placed, close to the Asian Pacific region, the fastest growing region in the world. We have talented people, we have unlimited opportunities. How can it be?

And I think the thing that disturbs me most is that we should not be in such a position where our kids are about to get a lower standard of living and fewer opportunities. In fact there should be no limit. Our limit should be basically, the extent of our dreams.

We should in fact aim and can in fact aim to be the best in the world. We should aim to have the best, some of our manufacture, some of our industries, I would say mining and agriculture are already among the best in the world. But we can have the best manufacturing industry in the world. We can have the best education system in the world, the best schools, the best universities, the best hospitals, the best telecommunications system, the best water front.

That's what we should aim to do.

I think in recent days we have all been laudatory of the successes of some of our Olympians. Kerryn Perkins and Cathy Watt, the Oarsome Foursome, just to name three. They set out to match and then beat the best in the world. Sheer grit and determination and that's really all we need to do in Australia.

With the same sort of grit and determination we can do it. And I look forward to the day where, quite frankly, we can give, we can give gold medals for exports and job creation and business performance and we can laud those people just like we justifiably laud our Olympians. We can do it Kerry.

The challenge is there for the people of Australia. The challenge is there for us going into government to provide the leadership, to work with them, to solve our problems in the fairest way possible and we can do it together.

KERRY O'BRIEN: Okay, and that is the end of this debate. Paul Keating, John Hewson and to our panellists, thanks for participating tonight.

Source: Transcribed from original footage.