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QN. Prime Minister are you worried about union threats over your medibank plans?

P.M. I don't believe that union threats are going to be put into effect. The medibank plans are clear and they provide the widest possible area of choice. I indicated about two weeks ago that we were also looking at the prospect of allowing medibank under exactly the same terms and conditions to offer intermediate and private ward cover and in this area compete with the private funds. That decision was made today by the Government on a submission from the Minister for Health and on this basis I don't believe that the unions have any case at all. They certainly have no case for their claim that the Government is trying to force people out of medibank. That is sheer and absolute nonsense.

QN. The A.C.T.U. President, Bob Hawke still says it is a two class system.

P.M. He didn't know about this recent decision and our system is certainly not a two class system. What the previous administration had introduced might well have been because you had basic standard ward cover for everyone under medibank and then people and a number of people would still go out to private insurers; to private funds to cover themselves for intermediate or private ward treatment. Now under the system that we are introducing, it is going to be much more possible for anyone to cover themselves for intermediate or private ward treatment ~~and~~ ^{Under} the decision made today somebody will be able to do this under medibank itself which would not have been possible under the arrangements of the previous administration.

QN. But basically what you are introducing is still just the same as a private health fund but another one - isn't it?

P.M. If somebody is paying a levy or a part levy and they want to take out additional cover they will have the choice of doing that through medibank or the choice of doing it through a private fund.

QN. But you are still not offering a free system which is basically

P.M. Oh-free. Nothing is free in this community and that is what needs to be understood and if people are objecting to the fact that medical services are going to have to be paid for and be seen to be paid for - that is a different matter again.

- Q.N. But we are still not getting one system for everybody....
- P.M. I think there ought to be an area of choice - why shouldn't there be an area of choice because we are also establishing the circumstances where the people on the lowest income will get a fully subsidised service, ~~and~~ Other people will pay in accordance with their income up to a certain ceiling where people will be paying pretty near the full cost of what medibank provides. Now that I think is pretty fair and even the previous administration at one stage had thought of introducing a special levy to pay for medibank. High quality health care is expensive and it is nonsense to suggest it is free - it's not.
- Q.N. Prime Minister if the unions don't accept this will you listen to them?
- P.M. We will always listen to people but what we are putting forward is fair, ~~and~~ it is quite essential that medibank is seen to be paid for and these measures will proceed. I think the main trade union complaint was one that had suggested that we were seeking to force people out of medibank. Now that claim is so patently false especially in view of today's decision that I don't believe that it can be sustained, ~~and~~ if people want to go around the community and say that nobody should have to pay for health care, well, that then just means a permanent increase in taxation to pay for it.
- Q.N. If the threat of continuing strikes as so forth stays will you rethink?
- P.M. I don't believe it will.
- Q.N. The threat won't occur
- P.M. I don't believe so, no.
- Q.N. If it should
- P.M. Oh if there are many ifs in the world - lets meet ifs when we come to them.
- Q.N. Prime Minister you have another head on confrontation coming possibly this week with the Premiers. Do you expect that to be a confrontation?
- P.M. Oh there might be something the Premiers won't particularly like. I think the federalism proposals will be basically well received, when they are announced in the final detail, because most of the major decisions in these areas have already been taken at the two previous conferences
- Q.N. They are asking for more money. Will you be giving them more?
- P.M. Under the actual tax reimbursement arrangements the new federalism proposals will work, they will operate and the principles of that have already been agreed to. When you come to other areas, where there are funds provided by the Commonwealth and the States, I have no doubt the states will be asking for more money

Q.N. They say they will need more money and possibly introduce their own taxes unless you help them.

P.M. A number of states have made additional promises over recent times. For example one state has promised to abolish all probate duty at a cost of about 37 million dollars, and other states made other promises which would cost quite substantially. If they are making those promises under certain sets of circumstances, they should be able or expected to pay for those things - for their own promises - from their own resources. But I would like to emphasize that state governments have, as much as the Commonwealth, over the last year or two in part, been responsible for the view that people only have to ask for things of government and government can provide. We have to get the view across that when politicians promise anything they are not promising anything of their own, they are promising something to be taken from taxpayers. They are promising something that basically has to be taken from every citizen in the community.

Q.N. Will you encourage them to introduce their own taxes

P.M. If I could get at this another way. I would like to encourage them to be more efficient. I would like to encourage the states to go about their business in a way in which will be economical and which will free resources to private individuals as we have sought to do. It is worth noting that over the three years to December, while Commonwealth Public Service employees rose by 43 thousand, state and local government public service employees rose by 83 thousand. Now I have not seen any attempts so far by any of the states, equivalent to the efforts we have made over recent months, to bring economy into their administration. And I think they ought to do so.

N. Do you think as a result of your meeting that the state taxesthat we will be in for state taxes

P.M. I would hope the states would try and use their resources as economically as possible and I would not want to see state taxes go up, although that obviously is a matter for states. But if they believe that their own services to their own people can be expanded in real terms, year after year after year, that can only happen if they put up taxes. ~~It is not~~ ~~at all another way.~~ In 1974/75, state budget outlays increased by a mere fraction under 40%. Now the Commonwealth increased by about the same amount. And we always said it was very wrong for the Commonwealth expenditures to increase by that amount. It is just as wrong for the state expenditures to increase by 40% in one year. This sort of expansion of government expenditure cannot continue.

Q.N. Prime Minister are you concerned about Australia's economic recovery?

P.M. I believe that there is much greater confidence in the community. I think the Arbitration Commission made a highly responsible decision a short while ago, ~~and~~ it is quite essential that people understand that a withdrawal in the public sector is essential for a return to vigour and vitality in the private sector, because we had got to the circumstances where taxes were so high and profits so low that there were no funds to create jobs, ~~and~~ there was a great cost in the result in high inflation and high and prolonged unemployment.

Q.N. We will be talking to Mr Hawke in this programme shortly so I must just in the meantime come back to that if you don't get the cooperation that you need from the unions will you give in or do you think you might be fighting a losing battle against unemployment and inflation

P.M. The unions certainly have a great capacity to influence what happens in Australia, ~~and~~ we have done I believe as much, and maybe more, than many people expected of us in setting the climate where unions I believe ought to be prepared to cooperate with the government in encouraging economic recovery. Tax indexation, the new system of family allowances which is the most advanced single social reform introduced in the last 50 years, these things set the climate of reasonableness and of concern for all Australians, ~~and~~ I believe that there are many people in the trade union movement who will understand this.

Q.N. One last question any chance that you might give a little on the medibank question.

P.M. Give a little. The proposals are fair. The only other way of doing these things is to not have the medibank levy, and just have a general increase in taxation to cover it. Now that is not going to be as effective, as reasonable as the proposals that we have introduced.

Q.N. Would you consider doing it if you had to.

P.M. What we have introduced is a better proposal, so we stick with what we have introduced, ~~and~~ Don't forget that once the decision was taken, as it was today, to enable medibank to offer intermediate and private ward coverage in competition with private funds, then I believe that will establish in total the best solution to our problems, and one which is a particularly Australian solution which will avoid the problems that have occurred in Britain and Canada.

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