



PRIME MINISTER

TRANSCRIPT

PRIME MINISTER WITH JEREMY CORDEAUX, RADIO STATION 5DN ADELAIDE
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Cordeaux: What do you think of the approval ratings in the Bulletin today? John Howard slumping by 6%. Was that a surprise?

PM: Well it's pretty hard to be objective in these things Jeremy, but I can say it is not a surprise because the performance of the current leader of the Opposition in Parliament since he's been there have been pathetic and he has been part of an opposition now which has degenerated into the worst factional fighting seen in any party in Australia at the Federal level I think for 30 years or more.

Cordeaux: I mean a surprise to the extent that the interest rates in Australia are so high, most people with a mortgageyou've got to cop that.

PM: Well you see Jeremy, the interesting thing about the people of Australia is that they have the capacity of looking at things on the whole, they understand that we are now in our 3rd year of growth, the economy is growing, we've got record rates of employment growth and we're in a situation where there's external pressures on our dollar and it's been necessary to firm up monetary policy to protect the dollar - we've done that and good old Mr and Mrs Australia out there, they haven't got their economic degrees and so on, but they have a pretty sensible understanding of the totality of what's going on, and they like it.

C: But I was just thinking if you were in opposition, you would be bucketing the Liberal Party, if they were in government, you would be putting in the boots.

PM: That's like saying if your Aunt had a different anatomical construction she'd be you Uncle, I mean that's nonsense because when we were in Opposition we were able to attack the government because they were producing the worst economic recession in the history of this country - well since 1929. Now that's the reality and we were able effectively to attack and when I became leader I was able to, with my colleagues, knock them over because what they were doing economically was appalling, they're not able to do it now because what we're doing is to turn the economy around. We've got record rates of growth, record rates of employment growth, so to say 'if' the roles were reversed is nonsense.

C: Put it this way, they are not making the most of the situation with regard to the interest rates and the value ... well what's happening to the Australian dollar?

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PM: The Australian dollar is firming up, it's now ... I haven't seen this mornings rates, but yesterday it was back up to 69, it had been down 3¢ or so below that, its coming up and its coming up, in response to our policies. If you have to have a firm monetary policy which means higher interest rates to protect your dollar and in the process your dollar comes back up again, that shows that your policies are being effective. Now what I'm saying which, with respect, you're not grasping immediately, is that the Australian people, your audience, are able to understand that when you make a judgment about a total Australian economy you look at all the factors, and you look at the factors which mean that we are now going into our third year under this government at 5% economic growth, which has meant the highest rate of employment growth in this country - that means that their kids, the kids of your listeners are now getting the opportunity at jobs that they didn't have before and that they're doing this within containable levels of inflation and they're seeing improvements in the education system, they are seeing the situation where the rest of the world is saying, look, Australia is doing brilliantly - we've had the head of the OECD, the international organisation, out here and referring to our policies saying the outcomes are brilliant. Now they have the capacity, your ordinary listeners, as well as the specialist commentators come out here and look at Australia as a whole and say, this is a brilliant performance.

C: Would you say that the Australian dollar's performance is brilliant and surely that has got to be a vote of international no confidence in your government.

PM: Well Jeremy I'm sorry I haven't got the time to give you a sort of outline of what economics is about, but if you say that the decline in the dollar is a vote of international confidence in the government, well

C: No-confidence in the government I said.

PM: Well a vote of no-confidence in the government well that means .. what does that mean, that in the last week they've now voted in confidence because it has gone up. Look, I'm sorry we have to have ..

C: Well give me a quick lesson ..

PM: I think that is a bit what the situation in regard to the dollar is that we, when we came in in 1983, said we were going to abandon what had been a fixed exchange rate, that meant that the authorities had to come in and operate on the money market to maintain the exchange rate at the level that it had been fixed by the authorities. Now we said that is silly, it's best to have a floating exchange rate where the market, the operators in the market, exporters importers speculators if you like, have not got to operate against the government, they've got to operate against one another. Now we had a situation there where the current account balances of Australia had over a period of time, we believe, built up in an unsatisfactory way against us because of a previous over valuing of the dollar under previous governments, a situation where the structure of our industry hadn't been competitive and when the market forces were then left free to make judgment they brought the value of the dollar down for those reasons.

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C: So that was inevitable?

PM: Once you free the dollar up, once you float a dollar, volatility is inevitable. Now wait a minute. If you want to raise an intricate subject don't delude yourself, if you raise an intricate subject that you can have an answer that occupies 30 seconds - I mean it's your idea to say that you want a lesson on one of the most intricate subjects in the world, and then you want a 30 second edition.

C: Let me just say this. When people see their mortgage rates going up and up and up, I mean basically people probably don't want a lesson in economics, they just want to understand why it's happening and is it going to stop.

PM: Let me say this to you. I explained as there was pressure on the dollar and it went downwards, we didn't want the dollar to just be going down in free fall. Therefore, it was necessary to firm up monetary policy, that made your interest rates go up, it made the Australian .. having Australian holdings more attractive and in the event with this tightening up of monetary policy, that has halted the decline that was taking place in the dollar. We thought it had gone too far. Now you do that to achieve the purpose of maintaining the exchange rate at a level that is not going down too low. That has been achieved. Part of the process ... what did you say?

C: Wouldn't you say it is too low now?

PM: Of course you wouldn't say it was too low now.

C: Well what is acceptable,

PM: Look if you wanted to say you're going to have a particular level and that's the acceptable level, you don't float the exchange rate and you impose all the additional pressures on interest rates. I mean the proposition that you would by saying look we'll pick out let's say for example, 74¢, for some magical unexplained reason 74¢ is the rate at which we will hold it - now if we're going to do that, in a non-floating situation, the pressures on your interest rates would be enormous because the government would then be in having to manipulate the money markets in a way which you'd have to push interest rates up far beyond where they are now, and you would really have people complaining about the levels of interest rates.

C: Just tell the average Australian mortgage holder whether interest rates in your opinion are going to remain fairly static the way they are, they're going to come down, they're going to go up, make a forecast for me.

PM: No I will not make a forecast for you and you're totally irresponsible in asking the Prime Minister or a Treasurer in a fairly volatile situation to say that. I mean its the height of irresponsibility, I mean you really ought to know better than that, because if the Prime Minister or the Treasurer were to say, look interest rates are going to move this way at such and such a time, that of itself becomes a factor in the market, and you really ought to know that it's both irresponsible for you to ask and you certainly ought to know me well enough, to know that I wouldn't do it. What I will say is this, to the people of South Australia who have some interest in this matter at the moment - that if they had the misfortune

to have the Liberals in this situation, Mr Howard is saying that he would lift the interest rate ceiling which we've got on mortgage rates, they would be paying with every increase of 1% in the housing mortgage rate, would be another \$30 a month, that's what Mr Howard says ought to happen - he believes that you ought to lift that, of course there is a vast confusion difference and confrontation between Mr Olsen and Mr Howard because Mr Olsen says, no no no, you shouldn't do that, so depending on which Liberal they believe, they could be facing a very, very much higher burden of interest rates in this country than they are under this government which has said while we will have a firm monetary policy as is appropriate in the circumstances and which I believe is generally judged to be appropriate in regard to housing interest rates we're not going to lift that ceiling.

C: One of the things that the Liberals here have said is that they would like people to own their own housing trust homes, and it has now been said that's illegal, that's not on. I understand that when John Olsen first floated this idea, he said okay well that agreement is going to have to be renegotiated to accommodate that, legally. Well why not use this as a test case and try to provide trust renters with ownership right across Australia.

PM: Minds greater than Mr Olsen's, have been dealing with this subject for a fair while, including people of his own political persuasion. The Commonwealth State Housing Agreement is the product of negotiations between the Commonwealth and all State Governments, including the Queensland State Government National Party and the Liberal Party in Tasmania, Mr Grey's government, and this has been negotiated and signed, it's a legally binding document, across the political spectrum because it is recognised as being the most appropriate way in which funds can be channelled from the Commonwealth into the States to ensure that you provide the maximum amount that is economically possible into low cost public housing. I think it is worth raising the question, if so many minds right across the political spectrum have worked out that this is the best way of handling this matter and have signed a legally binding agreement, just a reasonable question, do you think Mr Olsen in the desperation of a political campaign in South Australia is more likely to know best, or is it not the case that this is another example of the opportunism of Mr Olsen who some five weeks ago described as outrageous outrageous he said and moved an urgency motion in the House against Mr Bannon's interest subsidy plan, and now has jumped around and said no no, that's the right thing to do. Now this man of opportunism who really doesn't bring to bear a historically vast knowledge of matters economic - is it likely he is going to know best on this.

C: Well would you preclude anybody, any one single person coming up with an idea that will make the system better?

PM: No I wouldn't. What I do say is that we draw upon the best knowledge that there is, not only in the Commonwealth but in the States and across the political spectrum in a context where people aren't fighting a desperate political campaign and devoting themselves to the issue. I'm saying that Mr Olsen has discredited himself as a serious operator in this area - a man who gets up 5 weeks ago and says that something to do with housing is outrageous and 5 weeks later as a matter of political expediency says no, that's a good idea, you don't take him seriously.

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C: But you can see somebody saying to himself, well why would Mr Hawke or Mr Bannon or a Labor Government stand between me and owning this house at a discounted price. If you've got to renegotiate the agreement, renegotiate it.

PM: In the renegotiation of the Agreement what would happen is that the flow of funds upon which the whole operation is predicated between Commonwealth and States would be interrupted if you have now an entirely new concept introduced. If you'd like, let me say, to have Mr Olsen explain why his predecessors in government, of his political persuasion, and the people of the same political persuasion in the other states have in fact operated under this system for so long and why it is just now, why is it just now in this political campaign where he switches and changes and does everything that is opportunistic that he's hit on something that is right and better - which has never been accepted by any of his political colleagues before. Ask him that, why has it just happened now.

C: If it's a good idea let's do it. Liberal or Labor, if it is good for people in homes and lets them into home ownership, why for political reasons knock the idea.

PM: It is not a question of letting in the home ownership, under the agreements now, there are provisions for people being able to acquire homes at the market rate - if you ..

C: Why not at better than market rate?

PM: Because you are having a totally artificial ... what you are saying is that you're going to be able to buy a discounted operation interfere with the forces of the market through such an agreement that is operated so. It is just a non ...again, if you want to have a long dissertation on the housing economics, we can have it if you like, ...

C: But surely Prime Minister, the economies of scale the way public housing is built, the economies of scale automatically mean that people should be able to buy those houses cheaper.

PM: It's not a question by introducing discounting values for housing built under this scheme, that's got nothing to do with the economies of scale, the purposes of the Commonwealth Housing Agreement are to funnel funds between the Commonwealth and the States in a way in which ensures that there is a given amount which is about a 50% increase under my Government I might say, over what was there before under the Liberals, an increase in funds to be allocated to public housing. You don't .. you're not really deluding yourself but by them coming into that and saying, now we'll introduce into that a discounted rate of selling to tenants, that that does something about increasing the volume of the houses available are you?

C: No. I'm saying public housing will be cheaper, therefore that cost saving could be passed onto prospective buyers.

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PM: But it is reflected. If you are operating now through the various state housing commission systems as you do, with the Commonwealth, you are in fact getting to low income people the benefits of that special provision of funding as it is. They are going to be able to rent the houses cheaper than they would otherwise be able to do. You are then introducing an entirely new concept if you're going to say now we're going to discount the sale price, you're going to be doing that, you're going to be introducing another element into public funding which means you're going to have less funds available for other social priority purposes. This proposition Jeremy, that 'oh yes, we'll do that', you've got an inexhaustable public bucket of money, I would have thought you and certainly Mr Olsen, if he knows anything about public finance would know it's stupid. If you that, if you're going to cut revenue by introducing another element there, that's less you've got to do something else. You're suggesting that if he does that, if he introduces the discount, does this, reduces the funds available, that he's still going to do everything else in the social welfare area - because if he's going to, that means he's got to increase his taxes, money doesn't grow on trees, if he reduces the amount of money available to him by doing that, then he's got to cut out on something else or increase taxes, and that's a simple political arithmetic of it.

Caller: Mr Hawke, I would like to know your policy on small business. We own a small business in partnership and we're having quite a bit of trouble with discrimination against us with multi-nationals.

PM: Can you give me some details of this discrimination?

Caller: They get benefits that we can't get.

PM: What's the business, and what are the benefits. They are not pointless questions I'm putting to you because they may well be illegal under the Trade Practices Act, so if you can give me the details of those discriminations that you're experiencing I could take them down and see whether in fact they are against the provisions of the Trade Practices Act.

Caller: We own a small waste disposal business and a lot of the multi-nationals have got keys .. there is only one main tipping area in Adelaide, and a lot of multi-nationals can get keys to the dump where we can't, for dumping after hours. Now if one of our customers ring up and want dumping done that night if there is a fire or something like that, we can't get into the dump to do so, whereas the multi-nationals can.

PM: Who are the multi-nationals that you're talking about?

Caller: I would rather not say because there's only one dump and we could be discriminated against even more.

PM: I'm just rather interested to know that in the waste disposal business in Adelaide that multi-nationals are operating.

Caller: There are, quite a few.

PM: Nobody knows who you are, can you tell me who the multi-nationals are that are operating in waste dumping.

Caller: I'd rather not say.

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C: Naming the company is not going to anything other than just give the PM some more information.

PM: If you've got a real problem, I need to know the facts and I know you're talking about waste disposal and that there are multi-nationals who can get keys that you can't. Now if you can tell me who these multi-nationals are, well we might be able to see if something illegal is happening.

Caller: Well it is Cleanaway that runs the dump - Cleanaway, belongs to Brambles, I'm not sure and then there is another one that belongs to I can't think who they belong to but they belong to multi-nationals.

PM: If you were to write into Jeremy and give Jeremy the details of what you're talking about, and the companies that are involved in the practice, I could undertake I would have the issue referred to our relevant sections of the department which deal with the Trade Practices provision and the supervision of proper competitive practices and if in fact, there's something being done that constitutes improper trading practices, then we'll see what we can do to help. I think you'll appreciate we need to have more details.

C: Quickly before I take another call PM, what's your reaction to the ACTU dumping of the BLF, what do think is going to happen to the union now?

PM: Well I welcome unreservedly the decision of the ACTU, it's the right decision, these people for some period of time the BLF have disqualified themselves I believe, from membership of the great tradition of Australian trade unionism and now I think that ... before I go on to say that, you must appreciate there is a case before the Arbitration Commission where we're seeking the declaration from the Commission for the next step that when we as a government can then deregister, what this means is that if that process goes ahead, and I say the 'if' depends not on our intention we have to wait for the declaration from the Commission, we will immediately move if that declaration is given - as I believe it will - that means that other unions will be then free to pick up people on the sites and enrol them in their unions. Now it's time, and that's why we passed the legislation, it's time that the Australian community is cleansed from the thuggery and the evil of the BLF.

C: And it is a clear warning I take it that you are sounding to other unions, that there are rules and there are ways and means, legal ways.

PM: Let's be fair to the rest of the trade union movement. There is no other union like the BLF.

Caller: I would like the government to take some pressure off pensioners who are trying to save money to buy a home, we are in housing trust, as I heard you talking about housing trust homes awhile ago, we don't necessarily want to buy a housing trust home, but we would like to one day have a home of own. But the system is so that pensioners who earn money when they're working can only have up \$20 a week extra coming in on top of their pension. I don't think it is very fair because we have no assets, no caravan, no boat, and we are trying to keep our head above water and we're just getting pushed into the gutter all the time because after all, the money that we earned when we're working, we're entitled to have, and we definitely can't save on pensions. My parents being older are entitled to pensions, to age pensions.

PM: Ruth, you would have noticed in the recent announcements that have been made by the Treasurer in regard to the whole tax package there have been significant increases in the what had previously been there allowed as additional elements before you sacrificed part of your pension, and that was a deliberate reform of the tax package to increase the amounts of eligible income that social welfare beneficiaries could receive, it's to remove or substantially reduce what in the language of the social welfare industries call poverty traps, and that was I must say has been very warmly welcomed by workers in the social welfare because they recognise these sort of problems that you are referring to, that there was very great difficulties for people who were on pensions or social welfare, they earned a little bit of extra income and they could run into marginal tax rates of 100% or more. And so that's why we have increased the amounts in this announcement by the Treasurer to go a considerable way to try to meet this sort of problem that you're talking about.

C: PM, a lot has been made in the lead-up, well in the election campaign, the advertising, about you elect a Liberal government and the Labor government in Canberra is not going to smile too kindly upon your attempts as a Liberal government to get the submarine contract. You have, and I'm quoting from a telex now, that the Prime Minister has given a further assurance that decisions about the submarine project would be made only on the merits of the case presented by each state, and would have nothing to do with the politics involved. Would you like to develop that a little bit?

PM: Well all our decisions are made on merits, what I have said in regard to S.A. is this. That S.A. is really only in the ring as a result of the efforts of one man, and that's Mr Bannon who virtually single handedly has mounted a campaign, and a very impressive campaign, to put before the Federal Government the merits and virtues of the South Australian case for a major place in the Australian construction of our next submarines. He has acquainted himself with the technicalities of this issue in an absolutely outstanding way, he's acquainted himself with the capacities of S.A. to do the job, internationally he's undertaking a study of what's involved, and if it were not for John Bannon, South Australia would not be up at the starters gun if I can use the language of the Grand Prix now let me finish. Now what I'm saying is, that he is better equipped than anyone to put the case and South Australia is up there and in the ring because of him, and he has a capacity on the issue, an access to us which is second to none, and when the project definition studies are completed - that's the phase we're in now - then SA will be very, very well placed to be considered on its merits and it will be that much better placed because of the work of John Bannon in given the experience he's acquired, obviously a continuity of representation is going to be South Australia's benefit.

C: But if you say the only consideration will be on the merits, you really do take it that they're clearly out of the political arena, regardless of the sentiment involved.

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PM: Merits are there, facts exist, and the facts have to be communicated, there has to be a constant pulling of facts ...

C: You mean a Liberal government couldn't put those facts as effectively.

PM: I'm saying they have not to this point, involved themselves obviously as a Premier is going to do, but I'm saying he's done it - outstandingly well, he's involved himself and he's impressed everyone with whom he's dealt. Mr Beazley, myself and those who have to deal with decisions on the merits have been outstandingly impressed in the way in which Mr Bannon has assembled the case, has brought the facts together, so that we now have an opportunity of looking at this issue in the light of the assembled facts. Now we're going to have to do that against the background as I say of the project definition study, which is being undertaken at this time and you can't make a decision in advance of that. But no state could be better placed to have its factual case considered when those project definition studies are completed than could SA as a result of the work of Mr Bannon.

Caller: I'm one of those very disillusioned with the government. When the next election comes up I don't think I will vote one way or the other because I spoke to Jeremy yesterday and I said nobody gives a damn about us. Well the point is, I'm on a pension, I have been for some years, and I was able to retain a job for a couple of months, a very menial position, and I have to walk ten minutes to the bus each morning in the dark, I was allowed to earn \$1500, and they took \$256 tax which left me \$1100 or something, it still wasn't the \$1500 but that was my gross, so I gave that up and then I thought I would get the \$256 back but not only did they take that but they sent me account for another \$75. It's just too much isn't it.

PM: Well I've just answered a previous question on this, in this sort of area. The facts are these - that in the overall review we are doing of tax and the relation between tax and social welfare benefits, that we have done two things, made two decisions which are relevant to what you are talking about. Firstly, that we are increasing the amounts that can be earned so that you don't get the impact of what we call these poverty traps where you get very high marginal rates of tax being imposed as you earn these amounts beyond your pension; and secondly, that we are increasing, reasonable substantially, the tax threshold below which you won't pay any tax at all, so that you'll find as these changes come in as part of the overall tax package, the situation that you are talking about, will be quite significantly improved.

C: You can see where May, \$75 from a lady who gets up 6 o'clock in the morning to go and get a few extra dollars, there are people who are making millions and getting away with blue murder.

PM: And I understand that where we moved to ensure greater equity in the whole area of pensions by ensuring that those who had millions of dollars of assets weren't getting the pension. So that people like May, they could get more. We received from a number of people including a lot of misguided people, opposition because we were directly attacking that sort of an equity. The point that May goes to is a relevant one, and I remind her that the basic taxation system which operates in this country that has been built up over the last 36 years about 31 of those have been Liberal governments, they've established the basic framework in this country, and we're now gradually being able to bring more equity into it, and that's precisely what we're about in these changes that I have just referred to that we will reduce those poverty traps that I referred to and that are

affecting May, and increase the threshold below which people will not be paying tax.

Caller: PM I would like to ask what your government is planning to do about those young people who are not going to be taken up by traineeships in 1985/86 and beyond. Now given that your government is looking at creating 10,000 traineeships for young people who are severely disadvantaged in the employment market, as a youth worker I work with young people who probably are not going to get a look in on the traineeships because they're so severely disadvantaged in terms of their employability, that they really aren't looked at by employers in any way that is favourable at all. In this state in 1985/86, the service provision for young people under the community support scheme will be reduced from anything from 20-100% in individual projects. I would like to hear what you have to say about funding for CYSS programs, particularly in this state, but throughout Australia.

PM: Well I have to put it in national terms and what applies nationally will be reflected proportionately here in SA. But what we've done is we've received a great deal of approbative comment from people in the CYSS, not only to substantially increase funds but we've put them on longer term funding basis so that the problem that existed in the past, which I certainly was concerned about, has been substantially reduced - that is that they got funding for a twelve month period, they had no certainty as to whether that was going on and that made planning difficult and of course great uncertainty in terms of the people to be benefited from the operation of CYSS schemes. Now the funding has been put onto a longer, I think 3 year basis, so that CYSS projects will have that very substantial uncertainty removed, so that taking together the increase in funding and the turning over of it to a longer term basis, we believe we've very substantially assisted in that area. And certainly those that are involved have expressed their satisfaction to us. Could I just go a bit beyond the CYSS aspect of your question as important as that is. We have tried to have a totally integrated approach to this question of the problems of young people, and the traineeships is only just one part, albeit a very important part, of what we're doing. We are as well consolidating a number of other employment schemes which involve the community and bringing them together with the increased funding capacity so that the community and community organisations can be better assisted to help with the problems of the sort of young people that you're talking about. More generally we are going to ensure that within the whole education training system by rationalising the youth incomes support payments that there is going to be as much incentive for young people, including disadvantaged young people, to stay in the education stream rather than going out onto the unemployment benefits. It has been, I believe, a stupidity that has allowed to have emerged over the years that there's more incentive for young people and to their families, to allow young people to go onto unemployment benefits rather than just stay in the education system. So that within two or three years we will have eliminated that gap and there will be no further incentive for young people to do that - there will be the incentive for them to stay in various training and education systems. So that in this integrated way we believe that as we go towards the end of this decade, we will have done a very great deal to change the face of the youth unemployment training problem.

Caller: Firstly let me say I'm 20 and I've got no complaints. I just wanted to say that I agree with the non-fringe benefits thing that is going on, because my husband works and he takes a fritz, cheese and lettuce sandwich to work every day, and don't see why his taxes should have to pay for other businessmen to have a nice lunch.

PM: Good on you Karen, you're absolutely right. You're in exalted company. Could I just read to you what the Federal President of the Liberal Party, Mr Valder, had to say because he talks about this as a disease. He said, I think again to reverse the whole disease, if you like to call it a fringe benefits, which had developed over a decade or more. This is what he had to say in July of this year, he called it a disease, and said that Mr Keating who's tackling this was trying to do it in one stroke and he said what was being tackled to do this was a fair and just thing in this country. The longer we leave doing it the harder it is going to be. The great tragedy of course, Karen, is that while the President of the Liberal Party refers to this disease as it has been, condemns it and says something should be done about it, of course of political opponents have been as opportunistic as they always are, and say oh well, that's no .. we think it is a fair thing for the Karens of this world and the great majority of ordinary people to pay for the tax free lunches of a few.

Caller: The way I think of it is these businessmen ply other people with food just to make a deal then they can't be very good businessmen in the first place.

PM: That's not a bad point Karen - I mean I just have a laugh to myself when I hear them say that this business lunch was important to do this deal, the deal was worth millions of dollars, if a deal was worth millions and millions of dollars and if its not that important that you can't finish it up without having the Karens and the ordinary tax payers of this world pay for a free lunch, well then you're a funny sort of businessmen. You're absolutely right.

C: Seeing that this subject has come up. You know that the restaurantuers and the hospitality industry generally is mounting a fairly stiff campaign against John Bannon on this, and the assertion is basically that if John Bannon is not elected it will be a kick in the pants to Bob Hawke and his fringe benefit tax. Would you accept it as a kick in the pants if John loses the election?

PM: Well it won't happen and I'd be... he will win the election and win it well. And so it is quite an absurd thing to say. A much more realistic proposition is that I should put it to you and to the Liberal Party, when Mr Bannon wins the election, will you take that as an endorsement of our tax package?

C: Well obviously John Bannon is now distancing himself and saying I don't agree with what's happening with regard to loss of jobs.

PM: What's the loss of jobs?

C: Well they are saying it is about 30%.

PM: Well just let me give you the facts, I mean I know you've talked about this restaurant business and the implications. It is totally unwarranted on the evidence, totally unwarranted and misleading campaign. Let me give you the facts. These are the official statistical facts about what's been happening the period since this was announced. Now, this is from the Commonwealth Employment Service. Vacancy notifications in the hospitality industry rose by 20%, that's from 8,078 to 9,726 between September when the tax measures were announced and October this year. Over 12 months to October, vacancies rose by 21%. The total of 300 vacancies recorded in November 1985 was the second highest on record and 50% over the corresponding count for November 1984.

C: So what do you make of that?

PM: Well what I make of that is a total that destroys the proposition that we've had a 30% reduction in jobs. These are the notifications of vacancies in the industry. The two months this year since the announced taxation changes vacancies were 37% higher than for the same two months of last year. It was interesting, there was a comment just the last couple of days when there was supposed to be this great organisation for this enormous demonstration outside Parliament House Canberra. The President of the Queensland Professional Catering Employees Association was reported as saying 'that a hundred rather than five hundred restaurant workers would march on Parliament today, their plans were scaled down because the workers were too busy'. If they really believe that the mass of ordinary South Australians are going to be taken in by this than I believe they are insulting the intelligence of their voters because the great mass of people, like Karen, they pay their taxes, they take their lunch to work, they've got no rorts and they find it offensive that over the years they've had to pay more taxes so that the priveleged few can have their lunches paid for by the ordinary taxpayers of this country.

C: Are you going to do a deal with Democrats?

PM: Let me make it quite clear what Paul Keating and I have said about this question. We have said that the substance and basis, the main thrust of the taxation package is not going to be changed. We are prepared to talk with the Democrats, there may be some areas of fine tuning...

C: Not phasing in, but fine tuning?

PM: No, some areas of fine tuning that .. we have to get the legislation through the Senate.

C: But you are prepared to make some compromise, even if it's fine tuning.

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PM: Yes, but not to basic substance of the package.

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C: What would you regard as fine tuning.

PM: I think it is appropriate that the Treasurer and the Democrats, are allowed to talk about that rather than me supervising it publicly from the sidelines on air. But I repeat to you Jeremy, that the basis of that tax package is not negotiable. The main principles and thrust of it are not negotiable. We hope from what the Democrats have said that, and I believe this to be the case, that they take the view that the government is entitled to have its package through. Now if they want to as I say, discuss with Paul some elements which don't go to those basic principles, and that means their support will forthcoming or otherwise it might'n be, well then obviously, sensibly as a government you've got to listen to what they have to say.

C: PM it's good to see you.

PM: Jeremy, it's been good to be with you again, I appreciate it very much, and I would also like to thank listeners for their calls.

Ends.