



PRIME MINISTER

TRANSCRIPT OF INTERVIEW BETWEEN ALAN JONES (2UE) AND PRIME MINISTER, BOB HAWKE.

16 MARCH 1990

E & OE - PROOF ONLY

JONES: My special guest between now and half past eight, the Prime Minister of Australia, Mr Hawke. Thank you for your time.

PM: Good to be with you, Alan.

JONES: Prime Minister, can I use an analogy that you might appreciate, if you don't mind being called the Vo Rogue of Australian politics. Getting on a bit in years, still the crowd favourite, carrying a lot of weight in the saddle, form a bit patchy, but in this latest outing appears to be leading all the way. Are you still in front?

PM: Well, we seem to be but I want to make it quite clear I am not complacent. I think it's a hard campaign and I'll be going flat out until a week tonight.

JONES: Before we tackle those issues you've been talking about for the last weeks, can we just take one foreign policy issue, which I'm sure all Australians are interested in? How up to date are you on the Papua New Guinean position whereby apparently there was an insurrection that we knew nothing about?

PM: I spoke to Rabbie Namaliu last night. I rang and had quite a long conversation with him because, as you know, I have a very, very close interest in what's happening up there as any Australian Prime Minister should. And the Prime Minister assures me these things: one, that there was no support for Tohian's drunken escapade.....

JONES: Yes, he got drunk apparently.

PM: From within the armed forces from within the Army. And very little from within the police. He says that the Opposition has been central in their support of his position because they recognise the implications of giving any encouragement to that sort of insurrection. And he seems confident from the discussion

I had with him, Alan, that things are under control. I took the opportunity, of course, of assuring him of the Australian Government's complete commitment to constitutional processes in Papua New Guinea.

JONES: Yes, it's a difficult place. Whether it is ungovernable or not remains to be seen. Prime Minister.....

PM: Very difficult to

JONES: The Reserve Bank. Could we just start with the Reserve Bank and the question of interest rates? Do you acknowledge that it's a fully autonomous statutory authority?

PM: Yes. And I also acknowledge that it operates under the legislation and that under the legislation there are not only the opportunities, but the requirements for consultation and discussion between the Government and the Reserve Bank. Processes which are always followed with complete propriety by my Treasurer and by the Governor of the Reserve Bank and the Board.

JONES: But the Board make the decisions about policy, don't they?

PM: Well, to put it as simply as that is not the case. They don't

JONES: Under the Act, they do though.

PM: That....it is the case under the Act that there is provision for discussion and that is what follows. And what happened before this election campaign started, for instance.....

JONES: But it's a pretty

PM: Wait a minute, let me finish. What happened before the campaign started was that there were discussions between the Treasurer and the Governor. And out of those discussions, then, there was a meeting of the Board and the Board made the decision which brought down prime rates.

JONES: But it's a pretty loaded statement, isn't it, that you've made to say that we will be discussing it, presumably interest rates, ..and I hope I quote you accurately - with them....

PM: (Inaudible)

JONES: Yeah, I'm trying to.With them on the basis that interest rates should come down.

PM: It's not like that at all.

JONES: It's a bit of big stick stuff, isn't it?

PM: No, no. On the contrary. It's the obligation. It's the obligation of the Government to let the Reserve Bank know what the policy and the position of the Government is. That's always been the case ...the case under the previous Government...the case under this Government. And we have been in a position where we've been able to act in complete propriety and sympathy with the Governor who was appointed by the previous Government - that was Bob Johnson - as well as with the Governor we've appointed.

JONES: So you've said that interest rates should come down? Now before the West Australian election, you said they'd be down by Christmas.....

PM: Yeah, well, we've been over that. Now let me make it quite clear. Like every economist in the public and private sector, at that stage I and the Government underestimated the strength and demand in the Australian economy. And I've publicly conceded that. And with the strength and demand that went through last year, in fact, rates had to stay high. The important thing now is that, as you appreciate, (inaudible) in the media in the last 24 hours, the banks are saying they expect rates to come down under the policies that we've got in place.

JONES: Do you underestimate, though, the gravity of the problem? I mean, the facts of interest rates, as you've been telling everybody, is because of the debt. There's no attempt ...and I'll talk about this in a minute - but seemingly to stabilise the debt.....

PM: On the contrary. On the contrary. There is. We've got the three major policies in place to do that. Firstly, our wages policy. We've got a predictable wages outcome which is making Australian industry more competitive. There's enormous growth in the export of manufactured goods. And the figures that came out yesterday, Alan, ...the figures that came out yesterday - the December quarter balance of payment figures - are accepted by every economic commentator as showing a turnaround in the position. So much so that there's been ...there's been a reduction in the (inaudible) rates today.

JONES: Take that point. I said to stabilise the debt that would require the Prime Minister to be able to tell the electorate from March 24, that the debt would stay where it is today. Now to do that, as I understand it, would require in real terms, imports to fall by three percent, exports to grow by five percent....that's impossible.

PM: Not from the first day of the 25th.....

JONES: That's what stabilising the debt means.

PM: No, don't misrepresent me. I said that it is a legitimate target to do that within three years. That's what I said.

JONES: But you'll have the debt continuing.

PM:stabilisation of the debt is to get your current account deficit as an acceptable proportion of the gross domestic product. And I am saying that we've got the three fundamental policies in place to do that. The wages policy, which is making our industry more competitive. And importantly, Alan, importantly....a budget surplus. In regard to the first one, they will have a wages explosion. In respect of the second, where we have done what no Government has ever done before, for the past three years, budget surplus - 17 billion dollars - paid off every cent of overseas debt of the Commonwealth Government. The other mob will blow the surplus. And thirdly, a superannuation plan which, by the end of this decade, will give us between six and seven hundred billion dollars in superannuation funds, which will mean that Australian industry will be able to call upon domestic savings and not need to borrow overseas. Now those three fundamental policies are in place to be able to

JONES: You just raised another question. I just want to repeat - I find it impossible for you.... to believe that you'd be telling the electorate that you could stabilise the debt which would require imports to reduce by three percent a year in real terms when the average growth of them in recent years has been about 22 percent growth. You've got to cut that back to three percent and get exports up. And you tell me that all these policies can contain that debt. I'm saying that the public

PM: I'm simply saying to you that if you look at the December quarter balance of payment figures, which were published yesterday, ...that there you see what is happening. A turn around in the nett export position. I mean, I've got the figures there, I can go to them. They show a significant increase in the export trend. A decline in the import trend.

JONES: Sure, but

PM: Now those things are happening. On the basis of that I don't say it's going to be stabilised tomorrow. But what I have said, Alan, is it's a legitimate target in the light of the evidence that emerges that within a three year period, I would hope, that you would get to that stabilisation period. Not tomorrow, three years.

JONES: When the country, of which you're Prime Minister, of 16 million people.....

PM: Seventeen million.

JONES: Seventeen million. With a nett foreign debt of about 118 billion....

PM: A hundred and eighteen.

JONES: A hundred and eighteen billion dollars

PM: Yeah.

JONES: The whole of the Eastern Bloc has a population of 400 million and their nett debt is 105 billion dollars.

PM: Nonsense.

JONES: It's not nonsense, it's true.

PM: Absolute nonsense.

JONES: Well, tell me what their foreign debt is.

PM: I don't know, but I know it's not that.

JONES: I'm saying it's that.

PM: Yeah, where did you get that from?

JONES: I'm telling you it's that. I wouldn't be telling you if it wasn't the case.

PM: I'm saying I don't believe it.

JONES: I'll show you the source, but I'll come back.

PM: Okay.

JONES: I'll come back to the point I was making. I'll come back to the point I was making before.

PM: Righto.

JONES: You've got the growth in foreign debt and you're saying that you can stabilise that? Six percent of GDP paid for the foreign debt in 1980, now we need 32 percent. Now, I'm saying this debt has occurred

PM: (inaudible)

JONES: No, no, no. But you're saying you can turn this around....

PM: I am saying that what you have in respect of what's under the Government's control, we have not only turned around, we are now a nett international creditor to the tune of four billion dollars. Sixty five percent of the debt, Alan, is in the private hands, and those

JONES: Yeah, but you don't.....

PM: Now, just a minute, Alan, ...you've had your say. Just give me a little bit of an opportunity for a response...

JONES: (inaudible)

PM: Thank you very much. Now, when you look at that foreign debt, have a look at the other side of it. Look at what Access Economics has said. They've said 45 billion dollars that they've identified of investment actually under construction or totally committed which will be bringing in an additional 5 billion dollars a year of export earnings. So the other side of those debt figures that you look at have got to be seen as constituting what will help us in the years ahead to overcome the debt problem. It has been investment to restructure Australian industry. Now what I'm saying is that what you need to do is to move up to a point where your current account deficit is at an acceptable proportion of GDP, in the order of about two and a half to three percent. I believe we can do that because of the fact that we're talking about - firstly, that we are making a more competitive Australian industry...54 percent increase in manufactured exports in the last four years. A 69 percent increase in exports of services. Secondly, we've got a budgetary policy which will mean that the Government is releasing its demand and, in fact, creating a new situation where the private sector is able to call upon the Australian savings. And thirdly, a massive increase in Australian savings through superannuation. Now, all those things together, in our judgement, and I think importantly, in the judgement of the market, means that we are going to be able effectively in this three year time scale, to tackle this problem.

JONES: Prime Minister, we've just had a world economy, in the last five, six, seven years, which has been in good shape, ...we've had record returns from our commodity sector - record returns - in other words, our export value and volume has never been better, yet we have record debt. We have record interest rates. We have record levels relative to the overseas

PM: We don't have record interest rates. We don't have record interest rates. The 90-day bill rate was 22 percent in April of 1982.

JONES: Well, relatively.

PM: Well, you can't have it relatively.

JONES: Well, hang on. Here we are in Australia.....

PM: How would you like that in rugby, to have a relative record?

JONES: Hang on. Here's The Economist,..the Australia's interest rates is at the top of the chart on a chart of The Economist last week 19.5 percent prime lending

PM: (inaudible) Australia.....

JONES: Hang on PM, hang on PM. Belgiumwell, we've got to compete with these people to make a quid.

PM: Yeah.

JONES: You keep saying that. Belgium 13.25, Canada, 14, France 11, Germany 10. We're 19.5. Record interest rates. Record debt. Record levels of inflation. And now unemployment yesterday, the highest it's been in twelve months. True, isn't it?

PM: Now, come on. Can I have a chance now?

JONES: No, but is that true? The highest for twelve months?

PM: The highest for twelve months, yeah.

JONES: Is it? Now, do you think the figures that came out yesterday are current?

PM: The figures that came out in regard to employment....

JONES: Are current?

PM: Yes, I think they're current.

JONES: And that's the position today?

PM: Yeah.

JONES: Now that's the latest statistics. Is it the latest unemployment reality? Or do you think it's worse since those figures came out.

PM: No, I wouldn't think it's worse.

JONES: Can I ask you to drive this morning just down here to the Oak Club...the Oak Club at Neutral Bay - we're talking interest rates - have a look on the right hand side, you'll find fifty shops that are vacant as a result of interest rates.

PM: Okay.

JONES: Fifty. They're closing down. Do you understand that's happening out there?

PM: I understand it. There's hardship, yes. I said it in the policy statement. Now...have you finished your speech? And can I have a response? Or are you going on?

JONES: No, it was a question. It wasn't a speech.

PM: Okay. Alright. Now let'snow let's go to some of the assertions. Okay? Firstly, you talked about record interest rates. Now we're talking about this country. It is simply not true. The record interest rate is under the previous Government when the ninety day bill rate was 22 percent, in April of 1982. There have not been record interest rates under my Government. But now we've come to employment, my dear friend. There you are with your tongue so firmly set in your cheek - it's nearly hitting me over this side of the room. I mean you talk about employment...

JONES: I said unemployment.

PM: And unemployment. Employment and unemployment. Okay, let's talk about it. Under my Government.....

JONES: I don't want to debate unemployment because you've done a great job. You've done a great job.

PM: Okay. We'll talk about the other

JONES: Yesterday (inaudible) losing jobs.....

PM: I thought it was my turn.

JONES: No, ...why don't you talk about unemployment?

PM: Okay, and I want to.

JONES: Okay. Go on. Go on.

~~PM~~: Okay, thank you. The unemployment rate that we inherited
.....

JONES: I can't remember that one.

PM: No, I bet you can't. You wouldn't want to talk about it.

JONES: But it's so long ago.

PM: But I'm saying is that we've massively brought down the unemployment rate....massively brought it down in this country. The situation is that when I came to office, in the previous year, a quarter of a million Australians were thrown on the unemployment scrapheap, and we have consistently for the whole of the period that we've been in office, brought down unemployment. Now, you told me that we needed to slow the economy down because interest rates were too high. We've slowed the economy down somewhat by having high interest rates. Because we're dealing with the problem we started with - the international debt. But then you tell me that because you're doing the right thing Mr Prime Minister by slowing the economy down to deal with the international debt problem and the slowing down of the economy....

JONES: Did I say that?

PM: Yeah, well, that's what you started off, Alan, by saying that the major problem is the question of debt.....

JONES: Oh, but I didn't say the only way to do it was to.....

PM: Well, what's the other way?

JONES: (inaudible) interest rates....

PM: Well, what's the other way? What's the other way?

JONES: I'm not the Prime Minister.

PM: Well, I'm telling you the three arms of policy, my friend. One: fiscal policy. And fiscal policy, I've done it. Never been done before in this country. Three years in a row of surplus; 17 billion dollars. In all their years, the conservatives could never run the business of this country to get a surplus.

JONES: You've grabbed a lot of revenue, have a look at that figure. It was 41 billion in 82, 83. The residue is now 8....91 billion...

PM: And do you know what the revenue figure is? The percentage take that we take from the gross domestic product is the same as ~~when~~ we came to office. We haven't increased it by one fraction of a percentage point....

JONES: That is true.

PM: Thank you.

JONES: Now, can I just show you that chart there? We were talking about....

PM: What about unemployment? Can I have (inaudible) at that?

JONES: Well, I...I...is there an answer?

PM: The answer is that we have massively reduced unemployment in this country. We've had a rate of employment growth twice as fast as the rest of the world.

JONES: Yes. Because that employment growth comes from the very debt that you're talking about, doesn't it? You keep telling me that the debt is in the private sector.....

PM: And 93 percent....93 percent of that 1.6 million new jobs in the private sector...

JONES: Yeah, I know. But you keep saying to me it's not our problem, the debt. That's because all these people are investing. But you take the credit for the jobs.

PM: No. What I take the credit for is creating an environment within which we've been able to have a rate of employment growth under my Government five times as fast as under the predecessors.

JONES: Can I.....

PM: Who..who..whose economic policies...don't let's talk history...their current policies for the future would mean a return to massive unemployment and massive hikes in interest rates becausebecause, Alan, don't lets avoid it...because they will have a wages explosion and they will have an interest rate explosion because they've got a six to seven billion dollar unfunded set of promises.

JONES: Prime Minister, can I just show you that diagram there? There's no need for my listeners to see it.....but the red indicates expenditure and the other colour indicates productivity....

PM: Yep.

JONES: I mean, the gap between expenditure and productivity is enormous. You can see that. We're living beyond our means. Aren't we?

PM: That's precisely why you had to have high interest rates. There's a simple statistic, you don't need that. I mean, I'll give you the simple statistic. Last year, consumption increased by 8 percent, production by 4 percent - and that gap of 4 percent was made up by imports. We had to lower imports, therefore, tighter monetary policy....

JONES: There's a whole heap of people out there who have never imported anything in their life. And are paying interest rates at 20 percent - never imported anything in their life.

PM: But every person in Australia consumes an imported product. There's not a person in Australia who doesn't consume an imported product. And this is the height of stupidity, if I may say so with respect, to say you have a little group of people who import and the rest of Australia hasn't anything to do with imports. There is not one of our 17 million Australian citizens who is not an importer in terms of consuming imports. Every one of us does. And we were doing it to such a level in that last year that we could not sustain that level of imports. We had to slow the level of activity down and we've done it.

JONES: Can I just refer you to a page out of the Budget papers ...you talk about the accord and wages...and you talk about a wages explosion...this diagram shows that almost the whole of the underlying inflation rate in this country, is consumed by market wages. There's the figure and you'll notice that the lines coincide almost entirely. Don't you think our wages growth...whatever you might claim the achievement of it is - the wages growth is unaffordable? Mr Keating said a couple of weeks ago that we were looking at GDP growth of what....a GDP growth of about one and a half percent. But a wages growth of seven. I mean if you do that in a school assignment, if you did an assignment for me and it was so bad that I could only give you one and a half - because that was all you were worth - but I said well, don't worry about it Bob, I'll give you seven because it looks a bit better and it'll make you happier - the rest of the kids would say you're a cheat. You're giving him something he hasn't earned. Now, how can we give seven percent wage growth when our gross domestic product has only likely to increase by one and a half percent?

PM: Well, just let me make it quite clear and even the Opposition understands this. That in the setting of wages, productivity is not the only consideration. You've got to take account of what happens to prices and you've also got to take account in this situation of what people are doing in terms of restructuring their whole award situation. And the fact is that under the seven percent wages outcome that's been negotiated in the beginning of this year, the expectation is...and is accepted by economic commentators - that there will be a reduction in the rate of inflation. You've got to set the predictability of the wages outcome that we've put against the certainty....against the certainty - that under the policies of the Opposition there will be a wages explosion. Because what they are saying is the Government gets out, you don't have a centralised system, you just leave it for the employers and employees to fix it. So don't let's be theoretical. You know what would have happened last year under the policy of the Opposition, you would have had a

thirty percent increase in salaries for the pilots because they said let that happen. And once you got a thirty percent increase for the pilots, under the Opposition policy, then hey presto, ..happens everywhere else - like it did at the beginning of the 80s. And the economy collapses.....

JONES: You keep telling us that the union movement is very responsible. It was when you were leading it, wasn't it?

PM: And it is now.

JONES: And it wouldn't prejudice jobs by seeking wage increases that weren't affordable, would it?

PM: You ask the head of the business organisations in this country whether or not it is a fact that what Kely and the ACTU have been doing in the last two years is knocking back wage increases which people ...employers have been going to their door ...knocking on their door and saying we want to give the increase. The ACTU have said no, we are sticking to the accord. There would have been any amount of opportunities for the trade union movement in this country in the last few years...and you know it because you've talked about it. There's been any amount of opportunities for them to take extra wage increases. They wouldn't. That's what the pilots dispute was about.

JONES: Do you think, though, that

PM: And if they had their way, ...if the Opposition had their way, that would be it. Free for all. Pilots get their thirty percent. Everyone else says alright, the pilots have thirty percent, can we have thirty percent too?

JONES: Yeah. We've been through that and...

PM: And you agreed with me.

JONES: Yeah, I did agree with you about that. But that doesn't mean to say that what you're doing currently in wages policy is affordable.

JONES: Yes, we've been through that and -

PM: And you agreed with me.

JONES: Yes, I did agree with you on that but that doesn't mean to say that what you're doing currently now in wages policy is affordable. But I just want to take the point that out there I just wondered whether you shouldn't have run a campaign where you gave people nothing and said we've all got to work harder and get off our backsides. Professor Helen Hughes, whom you previously I think acknowledged knows a bit about what she's saying, she said this, not long ago, except for continuous process industries in Australia, factories typically work one shift, four and a half hour week. Your capital invested in buildings and machinery is therefore used 20% or less of the time that is available. It's idle almost 80% of the time. Over a year, taking into account public holidays which are amongst the highest in number in industrial countries, Australia's competitors in manufacturing typically work their capital 50-60% of the time. Now this is what it's about isn't it. What are you going to do -

PM: Ok, I'll tell you what we're doing. I'll tell you what we're doing. That's very interesting. Now just give me a chance to respond to that. I'll tell you where I went to in the campaign. Down in Melbourne to the Pacific Dunlop new tyre factory out there in the suburbs of Melbourne. New factory, just established. Right round the clock, right round the clock they were working, with a plant which they say will have the most modern technology in the world. They sent people for 12 months - managers, workers - over to the United States, brought it back, and they've got the best technology in the world. That's what's happening. I mean, and it's happening, as they acknowledge, why - because of us. What did Alan Jackson just say yesterday? I'll tell you what Alan Jackson said yesterday - the head of BPR Nylex - announcing his record profit. He said that's been able to be done because of this Government. This Government has created the best industrial relations environment we've ever had. And he is now not only competing in Australia but on the basis of his Australian operations is also operating overseas. We are becoming infinitely more competitive. We are having new practices, around the clock hours being worked and shifts, new attitudes both by management and workers. Now I've been - I'll take you into the factories where it's happening. It's no good talking about the past because the past is the inheritance of 30 years of conservative government. We've turned it round. You haven't got a 54% increase in manufactured exports because of the past. You've got it because of the present policies of this Government.

JONES: Can I use that word inheritance. Just supposing that when you've passed on, that is for everybody who passes on, you had a few assets, and including in amongst

them was the family house that you and Hazel had and you decided to leave that to your daughter. But she already had a home and she wanted to educate the kids so she thought well I'll sell Dad's house. She would have to pay, under your Government, a capital gains tax on that sale. Isn't that a death duty?

PM: No. I wish you'd get the facts right. It applies to assets before '85. The situation is -

JONES: The house you bought before '85.

PM: There is no proposition of an inheritance tax, only a tax will apply if ... subsequently and then it would be -

JONES: (inaudible)

PM: Difference in real value -

JONES: Yes, sure.

PM: Difference in real value between the time of the inheritance and the time -

JONES: Death duties.

PM: It is not.

JONES: Hang on. Your daughter's got her own house and Dad's house he bought in 1930.

PM: She doesn't have to pay any tax at all through the fact of inheritance. A death duty is something which you know, if you know anything about economics, a death duty is something that applies -

JONES: (inaudible)

PM: - through the fact of inheritance.

JONES: ... Answer my question.

PM: I'm answering your question. Because you're saying death duties, and you know my dear friend, you know that a death duty is something that would attract the tax through the fact of inheritance.

JONES: I just want to -

PM: No, don't dodge me because you know you're wrong.

JONES: I'm not dodging you. ... answering my question.

PM: I'm answering your question and saying no death duty because there is no duty which is attracted through the fact of inheritance.

JONES: Alright, well let me change -

PM: Change, because you're wrong.

JONES: - change the emphasis.

PM: You're wrong.

JONES: No I'm not.

PM: You said death duties. You said death duties and it's not a death duty.

JONES: Let's forget the names then because we're just arguing semantics.

PM: No we're not. We're arguing the fact that you said it was a death duty and you're accepting now that you're wrong.

JONES: No, I'm not accepting I'm wrong.

PM: It's not a death duty.

JONES: I'll admit I'm wrong if I am wrong, but I just want to go back to -

PM: Will you accept Alan that it is not a death duty?

JONES: My listeners want you to answer this question. When you and Hazel leave the house to your daughter - and you bought the house in '35 - and Roslyn decides to stay in the house she's living in now, says she doesn't want Dad's house but she needs the return from the sale of that house to educate the kids, so she says we'll sell Dad's house. Does she pay a tax on that sale?

PM: Yes, she -

JONES: Yes or no.

PM: Wait a minute. Let me answer the question. First of all, through the fact of acquiring it, she doesn't. Now if there is -

JONES: (inaudible)

PM: Why don't you let me finish.

JONES: You said she doesn't pay any tax.

PM: I'm telling you she doesn't pay any tax through the fact of inheritance. Correct?

JONES: (inaudible)

PM: Alan Jones started off this proposition by saying it's a death duty. Now Alan Jones knows as well as he

knows anything that Alan Jones is wrong because the characteristic of a death duty is that you pay a tax, you pay a tax through the fact of inheritance.

JONES: Would Roslyn pay a tax on that sale? Would she?

PM: Wait a minute. When she sells it, if there is an increase in the value of the house -

JONES: (inaudible)

PM: ... inheritance and the time of sale, a real increase, not a ... increase, she will pay tax on that.

JONES: So she is going to pay tax on that.

PM: On that basis. But not through the fact of inheritance, as Alan Jones started off saying. And Alan Jones was wrong.

JONES: Alright Prime Minister, you're a busy man. I thank you for your time. I must end this by congratulating you on the fact that the campaign, the Labor Party has thrown it all into your lap. I think that there are many people out there, whether they're going to vote for you or not, think you've done a colossal job carrying the radio, television, and public presentation of the campaign. I wonder where some of those people are that were wanting to replace you twelve months ago Prime Minister. They haven't been too visible during the course of the campaign.

PM: That's not too fair. If you're talking about the Treasurer in particular, he's been doing a very hard job.

JONES: You've carried the most of it though haven't you? Are you tired?

PM: No I'm not. I feel great actually. I feel great.

JONES: I see a report here that if you get beaten you'll want to stand for the leadership of the Opposition.

PM: No, no, acutally - ... get it right. You can't get death duties right and you can't get that one right. What I said -

JONES: I've established that your daughter will pay tax -

PM: No, no, I hope you'll read the transcript of that one and see what you said in the first place and how you had to backtrack.

JONES: Leadership of the Opposition, is that a position that attracts you?

PM: No, not particularly, not particularly. But I simply said that if they wanted me to consider it I'd look at it. But I said I'd do no more than look at it. But it's entirely hypothetical. If you want to look at leadership, can I just share one thing with you mate. What do you think about this, where you have, in the second last week of the campaign, the leader who was dumped, John Howard, being given the opportunity down on a Melbourne talkback program, being given the opportunity to say he believed Andrew Peacock when Andrew said he didn't know anything about the push. And Don Chipp gave him the opportunity, and he refused to say he believed Andrew Peacock. Which led Chippy to say there's only one inference you can draw from your reply John and that is that you don't believe Mr Peacock. Not a bad situation is it, in the second last week of the campaign, to have John Howard in the position where he will not say that he believes what Andrew Peacock is saying. ... leadership on the other side.

JONES: But like Vo Rogue you do have a lot of lead in the saddle. The people out there really are suffering aren't they, and hurting, on interest and those sorts of things, unemployment.

PM: Sure, but Alan I said that in my policy speech. Some hard decisions have had to be taken but the point is that we've now got in this country Alan - and I think you basically share this view - we've got the building blocks for an enormous future in this country. We are getting a restructured industry. I think you'd share my pride in the fact that we are now exporting manufactured goods that we never could before. We are doing that -

JONES: Sydney Airport - when are you going to fix up Sydney Airport? That's tourism. Millions of dollars down the drain.

PM: But listen, look what's happening, the latest statistics in today's and yesterday's papers. They are coming back. They are coming back.

JONES: Yes, but the potential is there and you're not realising it because some bloke in your Party holds the seat near the Airport.

PM: On the contrary. Who was the bloke who said we'll take the tough decisions?

JONES: But we've had enough environmental impact statements haven't we? We need an airport.

PM: The work is being done. The work is being done and I've made the decision that the third runway should go ahead. We've got to - it's perfectly proper that people should have the opportunity to put their position about environmental considerations. I would've thought that you'd agree with that. You just can't ride roughshod

over the legitimate rights of citizens to put a point of view about environmental considerations. I mean we're not getting to that sort of society where I sit up there in Canberra and say that's what the answer is and I ignore the interests of other -

JONES: Do you reckon if we had an interview here and you were Prime Minister in four months time we'd be talking about your decision to export more uranium?

PM: Export more uranium? No we wouldn't be talking about that.

JONES: We wouldn't be?

PM: No we wouldn't be. I mean the fact of the matter is that with the three uranium mines we've got mate, we're battling to get a reasonable price for ...

JONES: Do you reckon under Bob Hawke's Prime Ministership, if it continues, that the Kakadu decision that was taken would be a firm decision or would we be sort of thinking the election's over now -

PM: Of course it's a firm decision.

JONES: ... hole in the ground that Gareth Evans talked about.

PM: Have you been to Kakadu?

JONES: I have been to Kakadu.

PM: Well I would've thought Alan you would've been on my side.

JONES: ... your predecessor ... declared it part of the great national heritage.

PM: He started off on the first part but then we took it ahead and we've got a position now where the successors to Malcolm Fraser would desecrate his heritage by saying that they'd have exploration in Stage II and State III.

JONES: Gareth Evans called it a hole in the ground didn't he?

PM: No he didn't.

JONES: What did he call it?

PM: He referred to some of the area as clapped out buffalo country. That was his phrase - some of it, some of it. But the fact is that where they want to mine is right on the headwaters of all that water that goes into the Kakadu Park. I'll tell you what, as far as I'm concerned, if there is a doubt about mining which might

ruin that marvellous world heritage of Kakadu National Park, I'm coming down on the side of being careful.

JONES: Professor Pennington, is he a bloke that you respect?

PM: Professor Pennington, I know him, I don't know him very well.

JONES: He headed up your enquiry though into the health system in 1984.

PM: Yes, he was in it.

JONES: He wrote a letter to The Australian recently in which he said that there needs to be a broad enquiry, that Medicare has failed, the incentives are nearly all in the wrong direction. He says rising costs, closed public beds, lengthening waiting lists, crises in critical care, lack of funding for new equipment or treatment, all illustrate the problem.

PM: There are problems in the health system. No-one has ever said... But the fundamental fact is that you can have an alternative in this country. You can have a government, that is us, which has demonstrated that it can have a system which delivers health care to all Australians in an equitable way, or you can have the Opposition whose spokesman stands up and says publicly that the record, the Liberals and National Party's record in health is deplorable and I don't have to remind you in government. They cannot run the health system of this country. They have said it themselves. They said we are hopeless. And they're right.

JONES: The concern out there is that you might be still in Government and these problems will persist. A caller rang me, can I just tell you this, a caller rang me earlier this week. He said he'd had quadruple by-pass surgery. The doctor's fee was \$3500, the schedule fee \$1385, the Medicare refund \$1038. So he had to pay \$2215. He's paying the levy, he's paying private health insurance.

PM: And I'll tell you what the alternative is. Let that fellow have the alternative. And what you'll have in this country is a situation where millions of our fellow Australians will not be covered. They will not be getting any assistance and they'll be returned to the situation we had before where millions of Australians had hanging over their heads the threat of penury coming from doctors's bills and hospital bills.

JONES: Hang on, you're a sensitive and compassionate sort of bloke. This bloke's just ... a day's work, he's just working. He suddenly collapses on the floor. He's had a massive heart attack and they ask him to have this quadruple by-pass surgery. The public hospital queues

are a mile long, he goes into the private sector, and he's up, he's got everything. He's got top of the chart insurance, he's got the Medicare levy, he's got to pay the gap and he's up for 5700 bucks. Where do you find that money? Why can't you let him insure for the gap?

PM: I'll tell you what we have done and why we've done it. Why we have the system now that we do have is because in the absence of the Medicare-type system, which is universal, you will have, as we had when we came to office, two million Australians uncovered in any way, uncovered in any way. Now I'm not prepared to do that.

JONES: No, let them have that, let them have Medicare. But why don't you let this bloke insure for the gap? Why can he not insure for the difference between the schedule fee and what he's ...

PM: Once you start to do that you weaken the whole basic structure that we've got.

JONES: There are queues a mile long. ... out of the queues.

PM: Do you remember the NSW State election here? You do remember it. And do you remember what the Liberals said here before the 1988 -

JONES: ... doesn't mean I do.

PM: I'll tell you. Because the Liberals said, it's one of the things they got right, they said the question of hospital queues is not a matter to do with Medicare, it's a matter to do with State Government policy. That's what the Liberals of NSW said in the 1988 election. And they were right.

JONES: You got part of your surplus by squeezing the States.

PM: No I didn't.

JONES: Yes you did.

PM: And in this election campaign who's squeezing the States - that mob on the other side. Mr Peacock and Hewson and Blunt are going to rip off the State of NSW another \$122 million to pay, help to pay for their promises to put billions of dollars back into the pockets of the rich. That's what the citizens of NSW are facing in this election. From Hawke, not a cent being taken off for the grants in NSW. But under the Peacock policy, \$122 million being taken off. I ask your citizens of NSW, your listeners, to say does that make a lot of sense, that they have a \$122 million taken off them so that billions of dollars can be put in the pockets of Peacock's wealthy mates.

JONES: I know you're busy. Are you going to drive past Neutral Bay and the Oaks and have a look at all those empty ...

PM: Yes, yes.

JONES: Thanks for your time.

PM: Are you going to vote for us mate?

JONES: I'll vote for whom I think on the day is going to do the best job for Australia.

PM: Thanks mate.

JONES: Thanks for your time.

ends