



## PRIME MINISTER

### TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP, INTERVIEW WITH KEITH CONLAN, RADIO 5AN, ADELAIDE, TO AIR 10 AUGUST 1992

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KC: Prime Minister, thanks very much for your time.

PM: Good Keith.

KC: I guess there are only two things that matter in a sense at the moment for all of us - jobs and the economy, and the recovery. But first could I just pass by some of the topics of the day, so to speak. We've all been troubled as I'm sure you have, by the news from Yugoslavia, the holocaust as it is now being called. Is there a role for Australia? Do we have a position as the United Nations?

PM: We've had an immediate role in the peace keeping force and opening up the airport in Sarajevo to essential goods and medical supplies, and we've had people involved in that. That service I think is coming to an end, either has come to an end over the last day or two or will be in the next day. I think we regarded it as largely an European matter, we thought that European forces would make the difference there, but they haven't to date unfortunately. But I'm not certain whether any diplomatic solution is capable of being achieved or whether another course of action will be sought, but military action is being proposed by some people and resisted by others.

KC: Do we have a position on that?

PM: No, not at this stage. We're not being asked to get involved in any such thing. To see, I think, from our point of view is to see what approaches are made to us. We've played I think a good citizen's role in the thing to date, but it's not in our area of influence, it's not in our sphere.

KC: Well, back to local matters, you've been at the ALP Convention - privatisation means Sagasco in South Australia at the moment, it means internal disruption, cries of traitor over tradition, industrial embarrassment perhaps in the future for

John Bannon. It means Qantas to you on this weekend, does the Qantas privatisation mean potentially the same sort of problems for you?

PM: I don't think so, I think that people are getting much smarter about all these things. I mean Qantas is a company which is debt laden and it doesn't have enough equity, it's been left to trade outside of Australia, not inside Australia. This Government is the first Government ever to actually give it rights within Australia by letting it acquire Australian Airlines. We can't recapitalise it, it would cost too much money off the Budget to do so and we're not, I don't think, getting the sort of management culture into the thing that it deserves. I think there's got to be a distinction in the minds of people, including people in the Labor Party, about the value of an institution for its institutional value itself as distinct from its value as a government entity. The important thing is are we building a better institution. Institutions are very hard to create in a country like Australia and when we lose institutions, for instance in the last decade or so the Bank of Adelaide disappeared, we've seen the Elders Pastoral Company almost fold, I mean they are both sort of Adelaide based institutions. All too often Australian institutions evaporate and go. What we're trying to do here is to take one and build a new one. I had the privilege of doing so with the Commonwealth Bank. The Commonwealth Bank is now the largest domestic bank, it was largely an institution that flew on one wing, it flew on its big deposit base in NSW, it didn't have the big deposit base in Victoria. We've now acquired the State Bank in Victoria and sold down 30 per cent of the stock. Now this was resisted in the first instance, but it's now worth 150 per cent, 70 per cent of it is worth 150 per cent of what we started with, we've created something bigger and better, we've created a new institution, a better bank. In the same way this will be true of Qantas. Owning Australian Airlines, giving it the rights to fly domestically and to make those links to its ongoing carriage to international services will make Qantas a company that it could never have been. And the other thing is, I think a lot of people have got a very romantic view of Qantas. It's got about forty odd aircraft, companies like British Airways have got 400. It's a relatively small carrier but we can make it a successful one, a reasonable carrier and a successful one for Australia, Australasia. But it needs money, it needs capital and I think it needs some private ownership.

KC: Prime Minister, the John Bannon Government is looking to the NFP as an entity which will rise from the swamps at Gillman, it will rise in a lot of other places too it hopes as a national body. Is it dead in the water nationally as Ian McLachlan says?

PM: No, I made it clear that we were supporting it by nominating it for funding in the 'One Nation' package, to give it that national support.

KC: But is that tidied up or was that really just a little bit of better cities diverted off into Gillman?

PM: No, it wasn't. The fact is had we chosen to make purely a South Australian matter we wouldn't have so nominated it. Now there is all sorts of things that ... will cross the trail of the development over time of the NFP, but I think it is a very good opportunity for South Australia and it's one of the best sites in the country. I don't know a site like this in any capital city with this proximity which is capable of being developed. So we've played our role - we provided the funds to get the basic developments started so that there is an infrastructure there of which the Government of South Australia can use with private investors developed further.

KC: Finally before we got on to some of the very big ongoing issues, the Olympics. John Major's gone to bat for Manchester, why not Paul Keating going to bat for Sydney in 2000?

PM: Well I've just had more pressing things here to do. In the weeks the Olympics have been on I've been able to put together fortunately, with the help of some of my colleagues in the States, a new National Training Authority, a national vocational education system to sit up there beside universities for ever, so to speak, a revolutionary route and branch change to our education system. Those things are on the go and to leave them and go to the Olympics was not really a possibility for me. But I did support NSW, we gave NSW \$5 million to support the bid, and better \$5 million now than \$5 million later, and I think we have at this stage kept our options open. I'm told by those who were there that they think that if there was a poll taken now we'd be in front, that is Sydney would be in front, but it's another year to go so a lot of water will go under the bridge. So I don't think too much will be lost in me not being there and I don't know at any rate whether the International Committee is going to be persuaded by Prime Ministers whoever they are.

KC: Prime Minister, to one of the big on going issues - the health issue. I'm not going to ask you if you're going to raise the Medicare levy because you won't tell me, but in South Australia now we have less than half the people we used to have on private medical benefits and they are flooding the hospital system, we do have a crisis. What's the equitable way out of this? Is Dr Hewson right that we ought to give some sort of tax relief to those who look after themselves?

PM: No, I think if you take on the Hewson approach which is to say ... remember Dr Hewson went to the Australian Medical Association one Sunday about eight weeks ago and said you can set the common fee. Now that was a direct way of saying to the doctors you can charge what you like, you can add to the national health bill as you see fit and the rest of us will pay to cover ourselves. We either pay directly or we'll pay indirectly through insurance. This is not a way of holding down the national cost of health, this is what happened in the United States. The United States health care is now so expensive that if you're taken acutely sick to a hospital, if you don't have that blue cross card in your pocket they turn you back. They just won't deal with you, they will not support you, they will not care for you. Now I would hope we never have that in Australia, that the system we have gives people access to medical protection, that is consultation with doctors and

access to hospitals regardless of income. And the Medicare levy which you asked me about is for a husband and wife and a couple of kids, I forget exactly the threshold where the levy starts, but I think it's about \$24,000, you don't pay any levy under that. Under the scheme proposed by Dr Hewson is people would pay a set price for private insurance regardless of income, so the low income family, the low income person pays as much as the high income person. There is no capacity to pay augmentative, you pay flat and basically you're paying to keep the incomes of doctors how doctors think it should be. Now on the other hand the Government has kept the national health cost, the cost of medicine at a very low proportion of national GDP by largely making certain that over use, abuse, fraud, but most importantly the fees charged by doctors are reasonable. And so it's on that basis that the system hangs together, that people can have that affordability and in terms of public hospitals I think States have got to decide that they should more adequately and effectively stream people through the hospitals without accruing waiting lists, only to be answered with the hollow charge - well if you're all privately insured you'll be ok. They wouldn't be ok, they'd just pay much more.

KC: What about public hospital patients being fed into private hospitals where the beds are waiting?

PM: I'm not sure whether they're waiting, but there's no reason why the States can't accommodate public patients in private hospitals if they so choose.

KC: There's not philosophical divide for you?

PM: In the end, what does a private patient have, for instance in a public hospital? You can have a private patient sitting in a room, multiple person room, the idea once that you had your own private room, as a private patient and doctor of choice. Essentially the way the medical profession operates the system these days, if you go to a specialist and that specialist is accredited for services the public hospital and you admit yourself. The greater possibility is in the majority of cases that specialist will serve you. So people are going needlessly insuring themselves and because fewer are insuring themselves it means that those who are left privately insured and in some cases sicker people are paying a bigger premium because the other healthier people have left the system. Now this concerns us, it concerns the Federal Government and we'll be in signing new agreements with the States later this year, that is renovating the Medicare agreement, to try and deal with this problem. We will try and deal with it and talk to the States sensibly about it, but we don't want to throw the baby out with the bath water, say well look there's a problem in the efficiency of streaming people through public hospitals, therefore what we'll do is we'll take every Australian person and family and charge them through the nose for health protection so that in the end what we're really doing ... I mean this is what really gets me about Hewson, he's so savage on unions, he wants to cut young people's pay to \$3 an hour, he wants to cut workers to three quarters of their incomes, he thinks unions are an abomination except the doctors

union which he goes to on a Sunday and hands over to them the check book of a nation and says write your own check.

**KC:** When it comes to those agreements later in the year, will be there some relief for what is now a public hospital crisis here. We are talking about going backwards by several per cent, closing hundreds of beds. Is there relief in sight?

**PM:** Keith, the Commonwealth is prepared to talk sensibly to the States about improving that position, but it is going to be in negotiation and if I were to say to you look, this is what we are prepared to do, the States would simply put that straight in their pockets and come and ask us for something else. They've got to be in this too, it's no point in them simply weighing in the Commonwealth for inadequacies in the management of the health system across the country, I'm talking about South Australia, but across the country. So there is a role I believe for private hospitals, there is also a clear role for the public hospital system and I think the thing that worries people most and particularly the aged, that is for elective surgery which is necessary like hip replacements for instance.

**KC:** It's really a crime to call it elective isn't it?

**PM:** That's right. It's necessary surgery, it may not be acute, immediate, but it still is necessary and those things I think we would like to try and deal with.

**KC:** Prime Minister to the economy and 'One Nation', we know about now the pluses for tax payers, we know about the tax deductions to come, we know about big national projects, some more announced on the weekend in Adelaide, the Indian Pacific project and so on. That's all based, is it not on money coming into the Federal coffers which would be as a result of healthy growth in the economy over the next three years. You've had to back off some of those projections, so what has to go on the give away side?

**PM:** Keith, in the 1980s when growth was strong and private investment was stronger than the nation could stand and the demand for goods and labour was higher than we could afford and we were satisfying a lot of it by imports. When we didn't need a public stimulus, this Government turned the Commonwealth's budget into a surplus. In other words we withdrew the fiscal stimulus from Commonwealth spending and we've put about \$20 billion away in a surplus, in the savings account of the country. We're now using them for when we need to use them.

**KC:** Didn't we pay off the foreign debt with that? Isn't that what we said we were doing at the time?

**PM:** No, not the foreign debt, we just reduced the Commonwealth domestic debt. But we've got it now down to very low levels, in fact if we were to produce surpluses for three more years we will have no Commonwealth debt whatsoever. That is, no bond would have been outstanding from the turn of the century onwards. What

we're saying now is with the private economy slow with private investment down this is the time for public investment, but not only in a stimulatory sense, but in a micro-economic sense as well. It just matters to Australia to have a standard gauge railway from Perth to Brisbane via Adelaide and Melbourne, I mean as a trading company it simply should be there for large containers or heavy items that need to be carried around the country or even light ones which can be carried well. There is a case for developing an electricity grid, it's not going to be done by a private company, the railway is not going to be re-established by a private company. This notion that Dr Hewson has with the that it's all private initiative, private reward ... all we will.

KC: But these are arguments for maintaining the infrastructure side and so on.

PM: It's not just maintaining them but doing them when private investment is down.

KC: Yes, and maintaining these projects within your 'One Nation' package. But now that the growth figures aren't there, the critics say you could drive a truck through it because you won't have the income to do it.

PM: No, what we're saying is the deficit will be larger than we envisaged in February.

KC: And that's dangerous because the overseas markets look at it and say ...

PM: I don't think its dangerous because in this sense, I mean it's there naturally, the Federal Budget's a shock absorber, it's a cushion, it's a buffer at the end of the station that when the economy is languishing and you want that extra stimulus, it cushions things by lower receipts, higher unemployment benefits, higher outlays, higher spending. In other words in cushions the shock. That's what it should be there for, it should be there doing. Now we'll carry a bit more debt, Commonwealth debt than we envisaged in February, but again, our debt to GDP, to the Commonwealth is very low by world standards.

KC: Some want you to go further, some including traditional Labor voters who phone SAN say we don't want tax deductions now, this country needs so much of what you're talking about that we'll forgo those. What's your response to that?

PM: I think you've got to find a balance between those things. Two weeks ago we set up this National Training Authority. As I said earlier that will revolutionise the education system of this country. We will develop a system which we'll set beside the universities for a root and branch change to the education system. It will cost us some money, but it is money well spent and it is the role for Government. This is what I find curious about the Liberals. Dr Hewson is saying 'I want to run the Government so the Government can do less, so the Government can withdraw from the problem' and will hide behind this sort of ideology, if you throw enough money to the wealthy and to the companies they'll all get out there and do things and in the doing of it pull the rest of us along. It won't happen,

companies wouldn't rebuild the rail highways of Australia, they won't build the road highways, they won't refurbish the ports, they won't build a national training authority, it will only be done by Government. So there is a role for Government. What I think the Labor has done this decade, it's done two things. It's for the first time and the great irony of all this it's taken a Labor Government to get Australia an open market economy, but it's done it with a social heart, it's done it with a heart, there's a social policy grafted on to it: access to health protection, access to education, aged care, child care, occupational superannuation. We've taken the place along together, forwards together and the notion that there's no role for Government, that you drop out and if there isn't a quid in it for somebody then it shouldn't be done, will mean that most of the social and micro-economic things we talk about, rail, road, air just wouldn't be done. I don't believe we can be the sort of country we need to be, that is an efficient trading country with an educated workforce, without that public investment and all those things.

**KC:** Prime Minister, you're talking about the heart around the country, that's the difference you're telling us between you and the Hewson alternative, but to the mature adult full time workers or the ones who would like to be who are out of work at the moment, some 60-70,000 of them in South Australia, where's the heart for them? Where's the heart for the kids who go through your smart country idea, who go through the training authority only to come out the other end to find that the job that is offered, if there is one, is part time, is casual, is not career orientated. What's in it for them?

**PM:** This may be true in some cases Keith right now, but if you look at the 1980s it was not true, the kids who qualify themselves in the 1980s found themselves jobs. I think a lot of Australians ... look the unemployment is sad, it's to be regretted, that we haven't been able to keep the growth in employment going. We are sharing this position with just about every other comparable country, Britain, United States, Canada, Japan, Germany, France, they are all in the same position, all growing less than two per cent for the current year as we've been. We kept most of the gains of the 1980s, people I think just focus on the fact that in 1983 when this Government came to office the work force was six million in size, today it is 7.6 million, it's over twenty five per cent bigger. We've largely kept those jobs, gross domestic product the size of the economy in 1983 was 200 billion. Today it is over 400 billion. There has been a huge impetus to growth and wealth in the 1980s. What's happened is that the growth for the last 18 months has stopped. We haven't been topping it up, we haven't been taking up the new entrants to the workforce. By and large we haven't lost most of what we created in the 1980s and we've kept all the social policy up there as well, the childcare, the Medicare and the child support agency and home and community care for the aged, 25 per cent AWE for the pension, occupational super, all those things are there industry policy, award restructuring all those great advances have been there, what's stopped is employment growth. But once we get that started and in the last two months we've seen 86,000 job growth and certainly unemployment has risen in the period because more people are looking for work, but at least we are starting to see

that employment come through now and if it comes through more strongly as I believe it will over the course of this financial year then Australian will be going back on the road to being again, a more fully employed society, but one where we're not letting anybody fall behind. We're not taking the view that Dr Hewson's saying, if you're on unemployment benefits after nine months, sorry you're out, down to the St Vincent de Paul or Salvation Army. We're not taking that view, we believe that a whole country has got to move together and stay together.

**KC:** Prime Minister, when it finally comes to the campaign, we are on about the image it's you versus the Doctor and it's going to be that way until you the name the date until you come to the election. Is really the best chance of this Federal Labor Government that the Liberal Opposition will once again shoot itself in the foot and that's why you're there now really, they shot themselves last time. Is your only hope that Dr Hewson won't hold the troops together, won't hold his vision together?

**PM:** No, I think these days and it has been for many years now that people basically vote on the parties. I don't think it... matter all that much in the way in the end the national tally is taken. I think people see the parties for what they institutionally stand for. Dr Hewson has basically one policy. It's got two prongs. One is to increase prices, higher prices through a consumption tax and the other is lower wages, abolishing awards, cutting rates of pay. I don't think that making people poorer, making them pay more is a policy. It's not going to change education, health, you just mentioned hospitals, not going to change that, not going to change enterprises, not going to make the place more efficient, it's going to produce rancour, division, disheartening and for what? To guarantee that those who've already got a buck get more and those who haven't or who are unemployed get put to the back of the queue.

**KC:** Or is he offering the short term pain that would see us go into the same ranks as New Zealand which is now on very high, if not at the top of the competitive list according to some of the world forums?

**PM:** Let's just make this clear. We had more growth in Australia in the 1980s than there is total GDP in the New Zealand economy. When I was Treasurer we provided more growth than there is total product in their economy. They have about the same number of people in work today they had in 1983, we have 25 per cent more people in work today than 1983. Forget New Zealand as a comparison. It doesn't matter to me New Zealand. If Dr Hewson wants to run over there fine, but let everyone understand what happened over there. A generation was left behind, this didn't happen in Australia.

**KC:** Prime Minister thanks for your time today.

**PM:** Thank you very much.