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**TRANSCRIPT OF THE PRIME MINISTER
THE HON. JOHN HOWARD MP
INTERVIEW WITH STEVE LIEBMANN- TODAY SHOW, CHANNEL NINE**

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LIEBMANN:

Good morning to you. Happy new year.

PRIME MINISTER:

Happy new year, Steve, it's great to be back.

LIEBMANN:

Now last night you had an informal meeting with the State leaders and Jeff Kennett was there. Did you talk about the fires? Did he want help?

PRIME MINISTER:

Yes we did, we did and I just want to say along with all other Australians how distressed I am at the loss of life, the loss of livelihood and homes. It's always a terrifying thing to have your home burnt before your eyes, There are disaster relief arrangements in operation between the Commonwealth Government and the States and in circumstances like these they come into operation immediately and they are handled at the State level as far as the access and the distribution is concerned, and when the cost gets to a certain figure then the Commonwealth chips in to make a contribution. They are well established arrangements. Mr Kennett and I talked briefly about the crisis. I hope the rain this morning will give relief and I just want to again on behalf of the public, thank those magnificent volunteer and other fire fighters who always perform so splendidly and in great danger on an occasion like this. It's a very dangerous occupation as the terrible fires in Sydney demonstrated three years ago but it's one of those things that always grips the apprehension and the concern and the sympathy of the entire nation.

LIEBMANN:

All right. So the mechanics are there if they need help? Everything is okay?

PRIME MINISTER:

The mechanics are there. There is a well established disaster relief mechanism and it has worked pretty well in the past and I will be watching it very closely to ensure that it works fairly and promptly in the case of the fires in Victoria.

LIEBMANN:

All right. You met informally with the state and territory leaders last night and you meet formally with them today. These talks today are being tagged by some as crisis talks. Are they?

PRIME MINISTER:

Crisis is too dramatic a word but we do have a serious problem. The Wik decision overturned one of the fundamental understandings of the Native Title legislation and that was that if a pastoral or other lease had been granted, then that extinguished native title. And that's not a mere opinion, that was actually written into the Native Title Act in the preamble. The preamble of the Act is a bit like that part of the marriage ceremony where you say, we've come here to get married. That's the preamble, the core of the ceremony is when you say, I do, and so the bit, that we have come here to get married, is the preamble, and that bit said that terra nullius, the notion that this land belonged to nobody before European settlement had been abolished by the High Court, and also that the High Court had found that the grant of a freehold interest in land or the grant of a leasehold interest in land had extinguished native title. Now that was the belief, the former Prime Minister said that was the situation. Pastoralists all around Australia were told that. We all operated on that basis and now the High Court has..

LIEBMANN:

Changed the rules.

PRIME MINISTER:

..has changed the rules dramatically and has dramatically expanded the potential reach of native title. Now in a situation like that I can't sit around and do nothing. The States can't sit around and do nothing. I want to find a solution that is fair to everybody. I don't want to take native title away, the notion of native title away. I know how precious and important that is to the Aboriginal community. I am not going to get involved in some kind of exercise in picking on one or other section of the community. Equally, I can't have a situation where on my current advice pastoral leaseholders may not be able to build dams in certain parts of this country without getting the permission of people who may be native title holders over that land because of the co-existence finding under the Wik decision.

LIEBMANN:

So what are you going to do?

PRIME MINISTER:

Well, the first thing I am going to do is to talk to everybody who is involved.

LIEBMANN:

So a quick solution is out of the question?

PRIME MINISTER:

Well I would like to see, I mean, a 'quicker' solution is out of the question. A speedy, commonsense response is not out of the question. I think there is a difference. You talk to the Premiers. They all have a legitimate interest in this because they've got to manage the land. I then want to talk to the Aboriginal leaders. I have already through the Chairman of ATSIC sent a message to them that I want to meet a representative group of them as soon as possible. I want to hear everything they've got to say. I understand their feelings and that I also want to talk to the mining industry and the pastoral industry.

LIEBMANN:

Aboriginal leaders are saying this morning that, in fact they are demanding guarantees that native title on pastoral leases will not be altered nor will the Racial Discrimination Act, they're saying that's out of the question. Now is that the atmosphere in which you can come up with a compromise?

PRIME MINISTER:

Well, people take strong positions which I understand at the beginning of these discussions. It is not going to be easy. One will require a certain Solomon-like capacity to try and get the right balance.

LIEBMANN:

Well playing Solomon, do you have a preferred option?

PRIME MINISTER:

I have some, let's put it, fairly well developed ideas as to how the thing might be handled, but...

LIEBMANN:

Can you tell us what they are?

PRIME MINISTER:

No, because part of the further development of those is to listen to what other people have got to say and I don't think the solution that we ultimately come up with is going to please everybody but we cannot leave it as it is. And I want the Australian public to understand that what has created the problem is that one of the basic underpinnings of the legislation has now been dragged away. And if it hadn't been dragged away, if the three rather than the four judges who were in the minority in the High Court decision, if their views had obtained then we would have had an entirely different situation. Now the High Court of Australia, you must understand, has the role in our system of declaring the law as it is now.

LIEBMANN:

Right.

PRIME MINISTER:

There is nothing sacrosanct about any decision on the High Court of Australia other than that it declares what the law is. And I respect the role of the High Court completely in declaring the current law, but the High Court and the rest of the community must expect that it's the role of the Parliament, if it chooses, to change that law if it thinks that law is not operating correctly. There's no law of Australia which is so sacrosanct that it can never be changed. The Keating Government changed the Racial Discrimination Act. The Keating Government actually rolled back the Racial Discrimination Act to validate leases it thought were invalid prior to the operation of the Native Title Act. So we mustn't get hung up on this idea that you can never ever, ever amend the Racial Discrimination Act or never ever overturn a High Court decision.

LIEBMANN:

Can we talk about matters economic...

PRIME MINISTER:

Sure.

LIEBMANN:

...because you're already thinking of the next Budget. You come back to work and you find that two respected research organisations are claiming that your first Budget sliced up to \$10 a week from low income earners. Hit hardest, the people you were keen on helping - is that what's happened?

PRIME MINISTER:

No. I've had a preliminary look at that survey. It's based on some pretty dodgy assumptions. It also completely ignores the impact of interest rate cuts and safety net wage increases on Australian households. I don't know how you can do a household survey of the last year without factoring interest rate cuts or the potential of the safety net wage increase which is

now before the Industrial Relations Commission. In addition, there are other aspects of the methodology that we don't think are accurate...

LIEBMANN:

Right.

PRIME MINISTER:

...and Peter Costello will be saying something in more detail about it.

LIEBMANN:

How tough is the Budget going to be? I mean, we hear about further cuts up to \$2 billion.

PRIME MINISTER:

Well I don't want to put any figure on it Steve. We won't be taking out the amount we did last time. I mean, we did a big fiscal correction. We obviously, to the extent that we have lost money in the process of getting legislation through the Senate, we'll be wanting to at least retrieve that. Look, we can't relax, but it won't be another 7 or 8 billion.

LIEBMANN:

Tax cuts are definite?

PRIME MINISTER:

Well they've started on the first of January.

LIEBMANN:

But there is a suggestion that in 1997 we might get the cuts but in a different form. It might be related to super and...

PRIME MINISTER:

Oh the Family Tax Initiative...

LIEBMANN:

Yeah.

PRIME MINISTER:

That remains, that remains untouched it will go on. I think you're talking about the so called matching contributions that were promised by the former government. We said that we would deliver it in the superannuation contribution or some other assistance to savings. That has to be considered in the context of the Budget.

LIEBMANN:

When are you going to stop tampering with Super? When is Government going to leave Super alone, stop moving the goal posts and leave some certainty in the minds of people?

PRIME MINISTER:

Well, we've only been there for less than a year and we inherited a system that had a lot of flaws.

LIEBMANN:

But you understand people, some people are being told get out of Super get into stocks.

PRIME MINISTER:

Oh some people are. The contributions that are flowing into the funds don't indicate that it's on struggle street yet - superannuation. I understand that. I'll try not to make too many changes to Super, but it is one of those animals that over the years all Governments have changed, I think probably too much. But we made one change really, and that was to make it a bit fairer by really reducing the scale of the generous tax concession for high income earners and it was one of the things that we've seen in the Budget as making the Budget fair because it hit the big end of town a bit.

LIEBMANN:

Tax reform?

PRIME MINISTER:

Well, we won't be having a GST this session.

LIEBMANN:

No, you guaranteed that.

PRIME MINISTER:

But look, of course I don't rule out further tax reform. We're reforming the capital gains tax for small business - from the first of July this year it will be possible up to the tune of \$5 million to sell a business and invest in another one without paying any capital gains tax. Now that will include a hell of a lot of small businesses. It effectively defers indefinitely capital gains tax liability for small businesses under \$5 million and on my advice that's about 600 000 to 700 000 out of the almost 900 000 or a million small businesses in Australia.

LIEBMANN:

Would you contemplate a tax summit? I mean, State leaders are now saying we've got to reform tax, it's become an embarrassment.

PRIME MINISTER:

They are talking differently. I noticed this morning Mr Borbidge said he was totally against a GST. Mr Beazley says he's still against it.

LIEBMANN:

Are you?

PRIME MINISTER:

Am I totally against it? Well, we've made a commitment we're not going to bring it in this term.

LIEBMANN:

But in a broader sense?

PRIME MINISTER:

Well, Steve, I think ... I haven't been here 12 months yet, and what I'm going to take to the next election in this whole area is something that I'll decide closer to the election. I supported the proposals that were put forward in the 1993 election - I'm on the record as having done that - but the Australian public said no, and you've got to take notice of the public. One of the reasons people get cynical about politicians is that they think they know better than the public, and when you've exposed something to the public and the public has said no, you've got to take notice and that's why we made the commitment we did last time. But I think the debate that is going on at the moment about taxation is a good debate, but I don't think people should make the mistake of imagining that a dramatic change to the tax system is going to of itself transform the economy. People get this false idea that it is the economic elixir of Australia. Now, there are a lot of things that are needed to make a better economy including a better taxation system, but this idea that you can sheet home every economic shortfall to the taxation system is an easy way out and there's a danger in the present atmosphere that too many people will imagine that. And there's also a danger in the present atmosphere that people who are advocating things like GST forget that there is still a lot of entrenched opposition to it in the community.

LIEBMANN:

Nice to see you this morning and thank you for coming in.

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