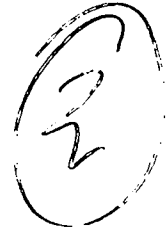


14 August 1997

**TRANSCRIPT OF THE PRIME MINISTER  
THE HON JOHN HOWARD MP  
RADIO INTERVIEW WITH MATT PEACOCK  
AM PROGRAMME, ABC RADIO**



**E&OE**.....

**PEACOCK:**

Mr Howard you have certainly hit the ground running, it is a big gamble isn't it? Not worried about overdoing it with your health now that you're back?

**PRIME MINISTER:**

This is a good reform for all Australians. Australia needs a modern competitive taxation system to take us into the 21st Century. The present one clearly is not that. It has many weaknesses and many failures and we are quite resolved to give to the Australian people a clear choice of a modern competitive taxation system that provides individuals with more incentive to save and invest and take risks which will be helpful to business but will also be a fair system which is designed to ensure that all sections of the community make a fair contribution towards the tax burden.

**PEACOCK:**

So does that involve tightening up on things like family trusts?

**HOWARD:**

Well, I am not going to get into the detail of particular changes beyond the broad outline I gave yesterday but quite plainly any new system we develop must pass the test of fairness that is a very, very important element.

**PEACOCK:**

Well just in broad terms though you've promised income tax cuts and a broad-based consumption tax of some sort. You'd have to be, wouldn't you, be talking in the ball park of 15%?

**HOWARD:**

Well, I'm not going to map...there are almost a limitless number of ways in which you can reform and change the Australian taxation system within the broad parameters which I laid down yesterday and I am simply not and neither is any member of my Government, day one, or indeed, day 10 or 15 of this debate getting into the detail.

We have sought advice from our tax Taskforce on numbers and a whole lot of other things. Obviously, the Cabinet has some strong views on the whole issue, I certainly have very strong views and what we are going to do is approach it in a systematic fashion. I will be talking to the Premiers. We'll be consulting, via a special Government Members' Taskforce, other interest groups in the community.

This is going to be a lengthy, I think, a very beneficial debate. We have a period of what, 14, 15, 18 months before the next election. The Australian public will know well before the next election where we stand and that we stand for a fairer system that gives individuals more incentive.

I mean, the key to changing the Australian taxation system is to get a different mix so that individuals are paying lower personal income tax.

**PEACOCK:**

But how do you do that without imposing other taxes somewhere else and how are you going to compensate...?

**PRIME MINISTER:**

Look, obviously...Matt, obviously it has to be a package. You can't change in one area without it affecting another area. I think everybody who's even spent 30 seconds thinking about our tax system acknowledges that. But at this stage I'm not going to hypothesise about different options. I'm not going to start responding even in a general way to particular rates that are put to me. That will, sort of, derail the whole process of sensible debate.

I mean, what I've said to the Australian public is that we don't think the present system serves the needs of Australians as we approach the 21st Century. We think the present system is distorted. Obviously the Commonwealth/State aspect of it has been greatly undermined by the High Court decision. And bold change and reform is needed. I hope, despite the initial adverse reactions, that the Labor Party and the Australian Democrats and others in the Australian community could see the virtue, the national interest, in us working together to give Australia a better tax system in the 21st Century. But if we have to go it alone, then of course we will.

**PEACOCK:**

Well, we'll come to the attitude of the other parties in a minute. But just on the question of the State Premiers with whom you'll be talking very soon at a Premiers' Conference. In broad philosophical terms, your own personal view, are you opposed to the idea of them having some form of income tax of their own?

**PRIME MINISTER:**

At this stage what I'm saying Matt, and it is the case, that we recognise that the issue of Commonwealth/State financial relations has got to be addressed. And that was one of the broad parameters that was laid down. I discussed that in each of the conversations I had with the State Premiers yesterday. Once again there are an infinite variety of ways in which different people would address the weaknesses of Commonwealth/State financial relations. I want to hear what the Premiers have got to say. I mean, I've heard over recent months, very understandably, their complaints about the present system. I now want the opportunity be made available for them to put forward specific proposals for reform and change. Now, we've got some ideas of our own and we'll be developing further ideas. But...

**PEACOCK:**

Personally it wouldn't...[inaudible]

**PRIME MINISTER:**

Look, I'm not...look, Matt, I'm not going to play that game. Now, come on, I've laid down the ground rules for this debate. And what I'm saying is that we've started the process going. We've given broad guidance, laid down broad parameters. But I'm not going to start hypothesising about this or that discreet proposal or this or that individual rate.

**PEACOCK:**

But that's not all that discreet, is it Prime Minister? I mean, there are obviously some things that you can rule in or out. I would have thought either you'd have one way or the other about whether you're ever going to let the States get a hold of income tax.

**PRIME MINISTER:**

Good try Matt. What's the next question?

**PEACOCK:**

All right. Well, one question that has been raised is this question of the Taskforce and how secret this process is going to be. How much do you want to involve [inaudible] because it is a tricky juggling act, isn't it? I mean, you're going to need consensus.

**PRIME MINISTER:**

It's going to be no more or less secret than any government normally keeps it's internal deliberative process. If you're saying to me: am I going to involve the community in a dialogue on tax reform? Yes, yes, yes. If you're saying to me that like any other government from time to time we seek advice from our advisers about particular aspects of the policy proposal and reserve the right to keep that advice, at least for the time being, to ourselves - yes. We're going to be no different. But nobody should imagine that we're going to have the television cameras in the Treasury filming every little piece of fingering and every little deliberation. On the other hand, I want to share this great adventure with the Australian people. I want to share with the Australian people the task and the challenge of giving this country a fairer, better, more incentive driven taxation system. And deep down I believe they know there is a need for that.

**PEACOCK:**

This change in mood you're talking about.

**PRIME MINISTER:**

There has been a change in mood. I think the Australian public understands that there are a few road blocks to this nation realising its full potential for the 21st Century. And one of those road blocks that has to be removed is the present taxation system.

**PEACOCK:**

But is the voter with the stubby pencil prepared to vote for an increase in tax?

**PRIME MINISTER:**

Well, we're not increasing tax. We're aiming to cut personal income tax.

**PEACOCK:**

Overall cut in tax.

**PRIME MINISTER:**

What the parameter was that I laid down yesterday was that there would be no overall increase in the taxation burden. I think the Australian public will vote for something that's better and fairer and which he or she believes will give Australia and particularly their children a better and more prosperous 21st Century.

**PEACOCK:**

Can you get the consensus that you need, can you get bipartisanship from the Opposition and the Democrats when you've already said there's going to be a clear choice at the next election? I mean, aren't you politicising this debate?

**PRIME MINISTER:**

Well, certainly...I called for bipartisanship. When I say a clear choice, I mean, people have a clear idea of where we stand. If the Labor Party wants to join us, well, a thousand plaudits to them.

**PEACOCK:**

Just one other subject Prime Minister, if I may. You've said that you're really utterly serious about tax. Is it time also to get really utterly serious about Pauline Hanson and her effect in, for example, the slump in jobs, education jobs that we're getting? Is it time to put...

**PRIME MINISTER:**

I don't know why you talk about a slump in education jobs. I mean, look, my position in relation to the Member for...

**PEACOCK:**

What about putting her last?

**PRIME MINISTER:**

Well, that's a matter that will be decided by our organisations around Australia at the right time when we know who all the candidates are. And I've said that before and that remains the position of the Liberal Party. But my attitude to her is very well known. Where she says things that are silly or against the public interest then she'll be criticised either by myself or by one of my Ministers as appropriate.

Equally, I think we've got to keep the thing in perspective. I was very interested to read the comments of the Deputy Prime Minister of Malaysia - a man who was the Acting Prime Minister for Malaysia two months. And he said that he didn't believe that she represented the views of Australians. He understood the view of the Australian Government. And he thought that too much coverage and too much weight had been given to her opinion. Now, I regard that as a very strong and authentic expression of ASEAN opinion. And I think the way in which the relations between Australia and the largest nation in the region, namely China, have gone ahead in the past few months indicates that there is no difficulty, indeed, there is great ease in the relations between this country and Australia.

I mean, you've got to remember that this is a democracy. People have a right to express their views even if you don't like them and you may find those views distasteful. And I don't know that the cause that I think most Australians want, and that is to see this nation as an open, tolerant nation, is greatly aided by some of the vicious, vitriolic demonstrations that have taken place at her meetings. I think some of those have, in fact, been quite counterproductive.

**PEACOCK:**

Prime Minister, just one quick final question. You've had, you say, fruitful discussions on media laws in Cabinet. Are you confident that that legislation or draft legislation will win approval, not only from your backbench but from the Senate?

**PRIME MINISTER:**

Well, that makes a whole lot of assumptions. Let me simply say that we are handling that matter in accordance with the normal processes of the government parties and when we're in a position to announce the Government's position we'll do so.

**PEACOCK:**

By when?

**PRIME MINISTER:**

I'm not going to commit myself to that. But, look, it's obviously underway.

**PEACOCK:**

Prime Minister, thanks for joining *AM*.

**PRIME MINISTER:**

Thank you.