



PRIME MINISTER

TRANSCRIPT - MIKE WALSH SHOW - 4 JUNE 1983

E & O E - PROOF ONLY

WALSH: I'd like to start off with an example, if I could, before we get on to the overall view of this thing. And it's one that I just picked out because it would seem, and we've asked a lot of people in the last couple of days, what they thought about it. It would seem that most of the public are quite happy with what's happened. But there's just one I'd like you to explain to people. A married couple can have a house that's worth anything. It could be worth any amount of money.

P.M.: That's right.

WALSH: Right, the house is not counted. Now they're allowed to have in the bank as a married couple \$100,000.

P.M.: That's \$100,000 of any sort of assets at all and they keep getting the full pension.

WALSH: That's a car, paintings in the house.

P.M.: Yes.

WALSH: Alright, O.K. Now if one of two died, or when one of the two dies, the single person allowance to \$70,000 - what would happen to someone in that situation. Like the husband dies, they've had \$100,000 worth of assets, they're now only allowed to have \$70,000 to get the full pension.

P.M.: Well there's a provision that was put up by the Gruen panel which allows a period of changeover so that there has been no intent at all, Michael, of allowing that factor, the death of the spouse, to cause any hardship. So there's that period of takeover of the new situation. The second thing, Mike, is there is a hardship provision in the arrangements that will be brought in in the legislation so that we're not in any way going to allow the fact of sudden death to cause any problem. But what you should appreciate, Mike, is that under the provisions that - if we look at the case where the two are alive with the home and \$100,000 of assets - it's full pension. It wouldn't be until you got up to a figure of \$175,000 of assets that the pension would cut out altogether.

WALSH: Right, it's only scaled down.

P.M.: Yes, and it's people between \$100,000 and \$175,000 of assets that's gradually scaled down from a full pension of \$100,000 of assets plus home to \$175,000. The statistic I'd like to put in Mike which I think will reassure all your viewers, and as you rightly say, I think it is very widely accepted now is that of all pensioners who exist in the categories that are going to be covered by the assets test, only 2% or 45,000, 45,000 right throughout Australia or 2%, will be affected. And that gives you an indication I think of the reasonableness with which the Government is approaching this issue. There is a problem which I think is understood by virtually everyone in Australia except Mr Peacock that very wealthy asset rich people like yourself or myself or John Laws that I was talking to this morning, it's silly that we should be paid a pension. And we think that if we can look at this very top level of asset rich people, it does give this and succeeding governments, Mike, the capacity and through time a larger capacity, to have more available to help those pensioners who really are in need of assistance. And that's an equitable, decent thing for this Australian society.

WALSH: Yes I agree. There's been a tendency to think that a pension is a God-given right and I guess I'm talking of old age pensions especially. But in fairness if you've got the dough you shouldn't be expecting the country to carry the burden. Because the huge problem, as I see it and this must be a difficult one for a politician to win and still maintain your popularity, is that fact that a) the country is greying, b) that the pensions cost an awful lot of money and c) that the money has to come from somewhere.

P.M.: Well.

WALSH: So we have to be a bit realistic about it.

P.M.: You've put your finger - and the interesting thing, Michael, is that not only do we realize that, but large numbers of influential people within the Liberal Party who are honest about this, say the same thing. I mean, you were just talking about the football, let me just point out to you that when I sat down at lunch at the football on Sunday at my table was Mr. John Elliott, a leading figure in the Liberal Party in Victoria - said by some to be the man who is going to come in to take over from Andrew after the next election - and when I went and sat down at the table.

WALSH: Bob, you can't resist having a shot. Well done.

P.M.: Well, he just lent across the table and said congratulations. I said on what. He said on the assets test. He said you are right. He said, I will write you a letter to that effect. But also, Mike, can I just read to your vast viewing audience what the Liberals said in Opposition.

First Senator Chaney. Senator Chaney was then their Minister for Social Security In October 81 this is what he had to say. It is a very brief quote, Mike. I'm quoting:

"I think we cannot escape the fact that there are some genuinely needy pensioners in this country who do not receive enough help, while some other people by the advantageous arrangement of their assets, are able to draw on the system to a greater extent than their real degree of need would seem to justify."

And that is exactly what we are doing.

Mr. Howard has exactly the same view and he expressed it in November of last year when he said he didn't agree with our particular form of assets test, that we were proposing then. And he was right. We agree that we have got a better position now.

So, they understand that it is right and what Professor Gruen has said on behalf of the Panel the other day was right when he was talking about the Liberals. And this was after saying that the Government hadn't handled it right in the first place and I conceded in the Parliament we didn't get it right first up, but we got it right now. But this is what Professor Gruen said of Mr. Peacock and those that were making these noises now. He said that they "deserve to be regarded as supremely opportunistic cynics". In other words, they know that what we are doing is right, but they are trying now to frighten people on a basis which is totally unfair because, I think as you recognise, and I know virtually all of your viewers would recognise, if we can get something like 2% of existing pensioners, who by any reasonable test, Mike, don't need the public benefit and that gives to governments and to our Government the opportunity to do more for pensioners who are in need, that is what ordinary decent Australians want to happen and it is what going to happen.

WALSH: Yes, but the interesting one for me is that Gruen's recommendation would have saved the Government about \$300 million a year.

P.M.: No, no.

WALSH: As I understand it, well, do you want to correct that?

P.M.: No, Michael, let me get that right. The first test that we were talking about would have raised that sort of money - an enormous amount of money.

WALSH: That is the one you ditched.

P.M.: Yes, we ditched that one.

WALSH: John Short in Saturday's Sydney Morning Herald estimates about \$60 million will be saved by your current situation.

P.M.: In the very first year when we implement it it will not save us some money, it will cost us a little bit, because that is the cost of setting it up. But once you have done that, in the first full year it should save at least \$45 million, Mike, and perhaps a bit more as we go on.

WALSH: Yes, but when you were doing your house-keeping, did you at the time think we need that \$300 million and now you have only got 45 million. I'm just scared to where the hell you are going to get the rest.

P.M.: No, no, no. We were looking at this last year. We were looking at other things in the tax avoidance area and our attempts to get something like \$260 million there were frustrated by the Liberals who allowed the tax avoiders to get away with that amount of money by knocking over our legislation. In this area, Michael, we have demonstrated that we are not going to push further into this area because we are going to index the amount. In other words, those figures that I have given you for the married couple, their home, plus \$100,000. We won't just leave it at 100,000 and let inflation whittle it away we'll provide that that be indexed each 12 months, so that will go up. Could I just make the point, Mike, that could be of interest to some of your viewers too - the case of those pensioners who haven't got their own home and say perhaps are living with their relatives or in nursing homes, we have added another 50,000 so the married couple who are living with their relatives, their kids, or in a nursing home, could have assets up to 225,000 before they lost their pension or they could have 150,000 in assets and still get the full pension.

WALSH: Right, that is a good one to point out. Now, there is just one thing on that, though. You are now worried about the loss of revenue, in other words.

P.M.: Well, let me make this point to your viewers, Michael. When you are talking about taxation, I as Prime Minister and my Government, we don't want tax so that we can point and say look at all that tax we have got. What taxation is about is very simply this - that the community, members of the community, whether they be individuals or businesses, realize that they have to pay tax because there are things that individuals and companies and farmers want governments to do for them. They want us to defend the country, they want us to build roads and bridges and schools and hospitals. So what taxation is about is not just for the government to get money. The real thing that we have got to try and do and what I am certainly committed to is to try through the consultation process, Mike, with the community to see what is the fairest way of raising those taxes to do the things that people need and want to be done. So that is what we are about. With this particular area we obviously - I'm committed and all my public career has been committed to trying to look after the elderly and those who need help. It is really about the top 2%, we think, that we don't need to pay them pensions and in that way we can help those in the community who need help and it gives us income to do other things. Now, as far as other taxes are concerned, Mike, what this Government will be doing will be sitting down with community organisations, welfare organisations, the business community and also with the trade union movement - everyone who has got a right to be involved in this and say, now, let's

together work out the fairest way of raising those taxes which are going to enable us to do the things you want. Now, in this next Budget, for instance, Mike, we will be cutting taxes - you know personal direct taxes, because there is a need to do that and then as we go through into next year and the year after we will talk with the whole community and say, now, we know these things you want government to do - what is the fairest way of raising taxes. Now one suggestion that is made, for instance, is perhaps a broader tax on retail goods. Now, I don't know whether that is a thing that the community would like to see done rather than others. But I think what we have demonstrated, Michael, in just over 12 months in office is that we are not going to impose something on the Australian community. We are going to talk with them and their representatives to see that we get the fairest decision and I hope that people will give us marks for when we look at something in the first instance as we did with the first assets test. We got that wrong. I say that quite openly to the people of Australia. The thing that we worked out then wasn't the best and I came to realise that it wasn't and that is why I said, let's stop that. Let's have a community consultation and try and get it right.

WALSH: Well that is an interesting approach and a new one in this country and I wish you good luck with it because it seems to be working so far.

P.M.: Thanks Mike.

WALSH: Something I would like to ask you while I have you here, Mr. Hawke, Bob. Is this thing we are going through in NSW where Medicare is getting a pretty heavy bashing from the medical profession and we have seen mass resignations of orthopaedic surgeons and plastic surgeons. What is your feeling on the whole thing? It looks as though they are brick walling pretty well.

P.M.: Well, let me make a couple of points, Michael. First of all this particular issue now is confined to NSW. I will be talking to Dr. Blewett, the Minister, to see if there is anything at this stage that we can do to help in the resolution of this problem. But I would like to say this - that Medicare is working remarkably well. Some interesting statistics I just looked at on the weekend - 96% of all Australians are now registered which is remarkable when you think it has only been going such a short time. About 48% of all claims are now being direct bulk billed by doctors which is a higher proportion than we thought and so I can really say to the people of Australia through your program that it is being implemented more smoothly and effectively in a shorter period of time than we hoped.

WALSH: But this is a pretty big hiccup, isn't it, having these people resign?

P.M.: Well, it is and let me say - I don't want to go in for doctor bashing. A lot of them around Australia were taking some direct industrial action there earlier this year. I sat down and talked with them with Dr. Blewett and I think we have really got that general problem about section 17 sorted out. I hope that this particular problem in NSW will also lend itself to resolution. I am quite clear from everything that has come back to me that the great majority of Australians welcome the situation which is now emerging where we have got universality of coverage, Mike. There are not going to be any Australians now, as there were before - something like 2 million of them - who weren't covered for illness and hospital coverage. We have got universality and we have got a system which is more related to peoples' needs. It is going to work. It is already working very well, but these sorts of problems that you refer to, they need some talking to. We will get there.

WALSH: OK, well thanks for joining us today and good luck with the whole thing, especially the assets test. It does look as though it has settled down. And in fact for people in this country it is a bit strange to get used to this sort of consensus style of government, but as long as you stick to it, I'm sure we all wish you great success.

P.M.: Thanks Mike.
