



2

PRIME MINISTER

7 August 1996

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
NIGHTLINE WITH PAUL LYNEHAM**

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LYNEHAM:

Prime Minister, welcome again to *Nightline*.

PRIME MINISTER:

Pleasure always Paul.

LYNEHAM:

Well, you welcomed our athletes back from Atlanta this morning, a fairly happy job I imagine.

PRIME MINISTER:

A very happy job. It's one of the sort of really pleasurable tasks of a Prime Minister. They did tremendously well and they gave a lot of hope and inspiration and a lot of unity to the Australian people while they were there and they deserve all the praise they're going to receive.

LYNEHAM:

What was your highlight of the Games?

PRIME MINISTER:

I guess that great fightback on the Saturday morning in the swimming. There had been some pretty negative newspaper comments about them that morning.

LYNEHAM:

We're pretty quick to knock aren't we?

PRIME MINISTER:

Very, and I think that's a great pity because it was almost as if that inspired them to adopt a sort of 'in your face' attitude and from there on it was all gold. It was terrific.

LYNEHAM:

Now, the closing ceremony, the inflatable Kangaroos on their bicycles - are you a Kangaroo man or a black skivvy and cappuccino man?

PRIME MINISTER:

Well I'm a, "no matter what you do you can never win man", with that sort of thing. Look, it's easy to knock. No matter what you do with those sort of ceremonies you're always going to get some knockers. I thought I agreed with the comment John Williamson made in the *Daily Telegraph* this morning that you do need to represent what is atypical of your country, what is special about your country and not just projected as an element of a monolithic cultural movement right across the world. So, if that puts me in either camp I'll leave you to draw your own conclusions.

LYNEHAM:

And now, of course, the baton's been passed to Sydney. Do you, when you think of four years to go, do you get that little knot in the stomach? I mean, the airport, the roads, the rail - are we ready for this?

PRIME MINISTER:

Oh, I think Sydney will handle it. I think Australia and Sydney will handle it. Sydney is a tremendous international city, it's very...

LYNEHAM:

The airport will handle it?

PRIME MINISTER:

Oh look, I'm sure in our classic 'get it right' way, we'll be able to handle it. Look, it's a lot of work and there'll be a lot of cooperation, and politics will be forgotten

between the Federal and State Government and the Sydney Council and we'll all work together. I have made it clear to Bob Carr that we want to help.

LYNEHAM:

That's writing cheques?

PRIME MINISTER:

No, no, it doesn't mean to say that every single thing that has Olympic in front of it we'll say yes, I mean, otherwise State Governments would salivate, but equally we've guaranteed the funding commitments we made before the election. They hold good about the preparation of the athletes, and we'll want to cooperate recognising that he who signs the cheques is entitled to be totally satisfied that money is being well spent.

LYNEHAM:

We'd look awful stupid if we blew it wouldn't we?

PRIME MINISTER:

We won't. I believe this will bring out the best in the cooperative spirit of Australians and I don't believe for a moment we'll blow it. I think they'll be very memorable.

LYNEHAM:

And the funding for the athletes will be there?

PRIME MINISTER:

Absolutely.

LYNEHAM:

Cheryl Kernot's had a big whack at the Government today in a speech at the National Press Club. She says we're heading for a budget that looks like being Fightback exhumed. She says you went into the election clothed in the rhetoric of inclusion and moderation and now you've gone all tough and nasty again.

PRIME MINISTER:

Well, I think she ought to have a look...wait until the budget comes out. I don't think it will have a lot of resemblance to Fightback. There'll be some things in it that were in Fightback. A fair lot that was in Fightback won't be in the budget - I mean, there won't be GST in the budget. There won't be a lot of other things that were in Fightback; we won't be knocking people off unemployment benefits after nine months; we'll be maintaining the twice yearly indexation pensions; we'll be maintaining the safety net that I've told ACOSS in October of last year that we would maintain. So, I suggest that Senator Kernot hold her fire, have a look at what is in the Budget and

then apply fairness, which she says she represents, to the measures, and if she does I think she'll find she could support most of what is in the Budget.

LYNEHAM:

She says you don't really know, no one really knows what the deficit is going to be next year, that you are rushing in driven by ideology when you could in fact be making unemployment worse, which will make the budget deficit worse in the long run.

PRIME MINISTER:

Well, I will know as much about next year's budget deficit as any Prime Minister has ever known about the next year's budget deficit, so I'm not rushing in. The best advice we have, from the same people who advised the former Government is that there is a black hole of \$8 - \$10 billion dollars.

LYNEHAM:

It's the same Treasury who's got it wrong so many times in the past...

PRIME MINISTER:

Well, they haven't always got the forecast wrong. What was got wrong was that the former Government allowed expenditures to run out of control in a time of very strong economic growth. We will bring about a very big improvement in the Budget deficit but we'll do it in a way that doesn't disappoint people in the family area and health insurance area and in a way that doesn't tear asunder the social security safety net of this country. We are absolutely committed to maintaining the essential social security safety net in Australia and any suggestion that I'm on some kind of ideological mission to rip up the social security safety net of Australia is nothing more than oppositionist rhetoric - nothing more.

LYNEHAM:

Do you accept though that there is an unusual amount of pre-budget anxiety and uncertainty - in business, in a lot of areas. The Tasmanian Premier for example was concerned about cuts to labour market programmes?

PRIME MINISTER:

I think you always get this with a new Government when that new Government signals a change of direction. This is the first budget in 13 years that hasn't been brought down by a Labor treasurer so naturally people look at things differently and they take on anxieties that they wouldn't take on if the former Government were bringing down the budget simply because it was the same Government that brought down last year's budget.

LYNEHAM:

And of course we haven't seen your cards yet have we? I mean, really, until you deliver that budget....

PRIME MINISTER:

Of course, of course, and it will be fair but it will be firm and it will meet the fiscal objectives that Australia has at the present time. I mean we won't be squibbing some firm decisions that have got to be taken and I will be able to look any group in the eye after the budget and say - even though you may not like that decision, it has been a fair decision.

LYNEHAM:

Senator Kernot also said that any sensible budget approach would look at revenue more vigorously than you are doing, both getting the tax cheats more stringently and looking at tax reform.

PRIME MINISTER:

Well, certainly as far as tax cheats are concerned, we'll go after them. I saw a funny report in the paper this morning that suggested that we were going to turn a blind eye to that. Well, that's wrong. The Howard Government will not turn a blind eye to tax cheating.

LYNEHAM:

Including the very wealthy?

PRIME MINISTER:

Including the very wealthy. Look, people who are rorting the system no matter where they are aren't doing any of us a good turn and just as we don't want people rorting the unemployment benefits, we don't want very wealthy people rorting the taxation system and we'll use whatever weapons properly can be used to stop that happening, so I just send that very clear message. Nobody should imagine that we are going to be a soft touch in tax rorting - we are not.

LYNEHAM:

If on the day you think Prime Minister that we still have a tax structure that's the same ramshackle nonsense we've got today, are you going to be able to look yourself in the mirror?

PRIME MINISTER:

That's one day I haven't contemplated in the last five months and that is the day I cease to be Prime Minister. I've only just got here!

LYNEHAM:

Do you see it as a job that's to be done in the longer term?

PRIME MINISTER:

Well, Paul, I know you are asking me about the GST.

LYNEHAM:

No, I'm asking about tax ... broadening the tax base.

PRIME MINISTER:

Well exactly. That's a euphemism for GST. We had a policy on that at the last election. That policy stays. We were elected for this term on that basis and you know, I can't say anymore than that.

LYNEHAM:

Middle class welfare. Some have said that there's a (inaudible) for example. It's time the middle class got their snouts out of the trough, childcare funding, all that sort of thing.

PRIME MINISTER:

Well, I guess it depends how you define it. I don't regard for example, the tax system recognising that it costs more when you've got children than when you didn't have children. I don't regard that as middle class welfare. I think people who put those sorts of labels on that kind of arrangement really are socially insensitive and are out of touch with the real world. Everybody knows that when you have children your expenses go up and often one or half of your incomes disappears. So people who classify that as middle class welfare really don't understand the real world.

LYNEHAM:

Yes, but there are homeless people, there are people who... Aboriginal babies dying at birth. People would say that's much more important.

PRIME MINISTER:

Well, certainly they are very important, and a sensible system can accommodate caring areas like that and I think as far as the Aboriginal area is concerned, people are baffled as to why after the expenditure of billions of dollars over a period of time the situation doesn't appear to be any better.

LYNEHAM:

We've had students marching through the streets of Sydney today. Amanda Vanstone does seem to have got a lot of anxiety out there in the higher education community.

PRIME MINISTER:

Well, they marched against the former Government. I guess that's part of the scene. I think people ought to see the colour of what we are doing in that area. It will be comprehensive. It will obviously contain some measures that people won't like but in the totality, fair minded people will see it as the higher education sector making a reasonable and an affordable contribution to the budget problem.

LYNEHAM:

Within what would still be a commitment to a clever country?

PRIME MINISTER:

Oh absolutely. It won't be anything in the higher education area that will cripple the capacity and demean, diminish the capacity of Australia to be a clever country.

LYNEHAM:

And if you run into difficulties in the Senate with the budget or other measures later in the year, would it really be your view as Tony Abbott has been suggesting, that you might try to find a new way to have the Senate elected?

PRIME MINISTER:

I have a very strong view about fiddling the system. I am against it. I am totally opposed to any increase in the size of the Parliament. I think the Australian public probably if it hadn't struggled would have fewer and not more politicians and I think it was a great mistake that the Parliament was increased 12 years ago but there's nothing we can do about that now. I'm not in the business of fiddling the system. I would like to get our legislation and our budget through. I will be talking to Senator Kernot next week about, how shall I put it, the interface of the Government and the Australian Democrats and I will approach those discussions in a positive frame of mind, and I know that she will too.

LYNEHAM:

Long overdue she says. No one's talked to her really since day one.

PRIME MINISTER:

That's not quite right, Paul, to be fair. Peter Reith has talked to her quite regularly. I had quite a lengthy discussion with her after the election so it's not quite right to say that nobody's talked to her.

LYNEHAM:

Finally Prime Minister, your wife Janette. How has she recovered?

PRIME MINISTER:

Well we're hopeful that she's recovering well. She will be home from hospital soon, we hope and I have been very greatly helped by a lot of expressions of support from people all around Australia, and also can I thank the media in Australia for the way in which they have handled it and have responded to my requests to maintain the privacy of the matter to my wife and my family. I am very deeply appreciative of that.

LYNEHAM:

Prime Minister, thanks for your time.

PRIME MINISTER:

It's a pleasure.

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