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## PRIME MINISTER

29 August 1996

**TRANSCRIPT OF THE PRIME MINISTER  
THE HON JOHN HOWARD MP  
DOORSTOP INTERVIEW - SHERATON HOTEL, BRISBANE**

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**JOURNALIST:**

Prime Minister, it is all very well to blame a department official for the premium rise, but you knew that rise was coming before the election.

**PRIME MINISTER:**

I didn't blame them, I was just explaining what had happened.

**JOURNALIST:**

Can you guarantee that there will be no rise ...

**PRIME MINISTER:**

I have never said, and nobody in their right mind would ever say that there will never ever be increases in health insurance premiums, that is plainly ridiculous. What I am saying is that I will put in place arrangements that will ensure that in future no rise occurs without the express approval of the Government and that any rise in future is completely justified. Now, the rise that has already occurred is a direct result of the conditions that existed before the change of Government, a direct result of the conditions that existed before the change of Government, and that rise was sanctioned in accordance with a procedure that had existed at least for some years, perhaps for the whole time, that the former Government was in power. There was no covert conspiracy, there was no political deceit by the Coalition. We promised a health insurance rebate in the election campaign because we believed that if you subsidised the cost of private health insurance through the tax system, then you are more likely than not to get more people to go into health insurance. At no stage did we promise that there would never ever be any increases. That's unrealistic and I'm not promising that now, and anybody who seeks from me an absolute guarantee that something will never happen in the future, I can't give it. What I can give is an

absolute guarantee that any change in future will be as a result of a decision taken at a political level in a way and in circumstances where we are satisfied that the rise is completely justified.

**JOURNALIST:**

Is it now highly unlikely that there won't be another increase before the rebate kicks in?

**PRIME MINISTER:**

I can't say yes or no on that without getting some advice on the situation of the funds. What I can tell you is absolutely likely, and absolutely correct, is that any increase from now on will have to be approved at a political level and it will only be if we are completely satisfied that that increase is justified. Now the point I made in my speech today, and I just made a moment ago, is that the rise that's already occurred was the product of circumstances of the last few years and not circumstances of the last seven months.

**JOURNALIST:**

Mr Howard if you can't guarantee that rebate are you disappointed at those rises?

**PRIME MINISTER:**

Well I guess in my situation you're always disappointed when the price of anything goes up. I mean that's human nature. Nobody likes the price of anything going up but it is obviously unrealistic of any politician be that person in Government or in Opposition to say 'look, I can promise you the price of this will never ever go up in the future'. I mean, any politician who runs around saying that is talking through his or her neck and should be discounted accordingly. All I can honestly guarantee to you and promise you is that we will put in place arrangements that ensure that any future increases will be as a result of a political decision and only if those in charge of the decision are completely satisfied, completely satisfied, that the increase is justified. Now I can only repeat in relation to the increase that's already occurred the circumstances in which it has occurred. I think it is regrettable that the Minister was not directly informed, but equally I'm not expressing a view without possession of all of the facts on the quality of the decision that was taken by the Department. It may have been a justified decision, I don't know without having the opportunity of examining all the facts. But I think in future, particularly where you have a circumstance that the Government is providing on behalf of the tax payer a subsidy of half a billion dollars, the political arm of that Government is entitled to have a say in whether health insurance premiums should go up or not.

**JOURNALIST:**

Prime Minister are you worried you've got a fight on your hands? I mean the health industry is profit driven, that's their bottom line.

**PRIME MINISTER:**

Well they're like a large section of the private sector of the Australian economy. They are interested in making sustainable profits, that is understandable. Our responsibility is to see that the rules are fair so that the premiums are no higher than necessary and also that the full value of the tax concession, the tax subsidy, is delivered to the consumer of the health insurance product. I don't object to the profit motive, it's part of the private enterprise system, and I'm not going to pretend that people don't do things for a profit motive. It's a question of whether the profit is reasonable and it's a question of whether what they're doing is fair and it's our responsibility to satisfy ourselves in the future of any, in relation to any increases, that they are completely justified.

**JOURNALIST:**

The Democrats today have threatened not to pass the rebate unless you bring in to, rope in the medical funds. What's your reaction to that?

**PRIME MINISTER:**

Well I'd be quite astonished if the Democrats voted against giving tax subsidies to low and middle income earners. I can't, for the life of me, understand how anybody could think knocking back our proposal will make people better off. I mean, that's the bottom line will our proposal make people better off? I can't understand the logic of people who would vote against something that will, in fact, result in a lower net cost of private health insurance than would be the case if the subsidy weren't given. I've outlined to you steps that we're going to take to ensure that any future increases are the subject of proper surveillance and I think that's only fair and reasonable.

**JOURNALIST:**

Do you believe the Senate will pass these rebates, you can't imagine them knocking...

**PRIME MINISTER:**

Well I can't guarantee how other people are going to vote. There'll be 37 Liberal and National Party Senators voting to give low and middle income earners a tax break and I'll be looking for two more votes and any Senator who votes against giving low and middle income earners a tax break for their health insurance will have Australians to answer for, over and above anything I might have to say.

**JOURNALIST:**

...(inaudible)... Mal Colston again Prime Minister?

**PRIME MINISTER:**

Well I haven't had any discussions with him.