

14 May 1997

TRANSCRIPT OF THE PRIME MINISTER

THE HON JOHN HOWARD MP

INTERVIEW WITH HOWARD SATTLER - RADIO 6PR

E & OE



SATTLER:

Good morning Prime Minister.

PRIME MINISTER:

Good morning Howard.

SATTLER:

Thanks for joining us.

PRIME MINISTER:

It's a pleasure.

SATTLER:

You're sounding a bit laid back.

PRIME MINISTER:

Am I?

SATTLER:

Yes.

PRIME MINISTER:

Well let me get excited.

SATTLER:

I thought that's you...

PRIME MINISTER:

And it's terrific to be talking to you again mate.

SATTLER:

Well, if you thought this was a great budget you should be. But let's put yourself in the position of a

small business proprietor this morning. Now, would the budget have you going out and advertising for more staff?

PRIME MINISTER:

It ought to.

SATTLER:

Why?

PRIME MINISTER:

Well, to start with...there's a big echo in my microphone, I'm sorry.

SATTLER:

You're sound all right here.

PRIME MINISTER:

Yeah well that's okay. That's important, critical. That small businessman will look at this budget and he would see that we inherited a deficit of \$10.5 billion and we've turned it into a surplus of \$1.6 billion at the end of three years. He'll know that that will exert downward pressure on interest rates. He will know that from the 1st of July this year there will be a capital gains tax break for small business people. He will know that we've cut the red tape in many areas affecting his business. He will know that we have changed the industrial relations system to make it easier. We would like to go further on the unfair dismissal front but it looks as though the Senate, through the courtesy of the Labor Party and the Democrats and Senator Harradine, are going to thwart our attempts to remove all unfair dismissal restrictions on every small business that employs fewer than 15 people in relation to people they've had on their books for less than 12 months. And we're trying to do that. Look, can I say this echo is quite disconcerting.

SATTLER:

All right, well we might have that sorted out over there if we could.

PRIME MINISTER:

Yeah, I'm sorry, everything I'm saying is echoing.

So he would look at this budget and he'd say this is a government that has inherited somebody else's mess but have put the books of Australia into proper order, this is a government that has built a sounder economy for the future, this is a government that has already delivered a 1.5% cut in interest rates and has now delivered a budget that will improve the climate if the monetary authorities want to make a further interest rate cut. So on all of the fundamentals that businessman could say to himself: this is a reliable government, this is a government that attends to first things first, this is a government that is prepared to clean up other people's fiscal failures and this is a government that is getting Australia out of debt, that is a good government and it's a government that is creating a good economic climate for me to run my business.

SATTLER:

All right. But the last budget didn't do that did it? Because after inheriting a jobless rate of 8.5% it's gone up to 8.7% and by my estimations there are 30 000 more people on the dole. So would you admit that so far, on that front, you haven't succeeded?

PRIME MINISTER:

Well I didn't think I'd succeed in a year to get rid of unemployment and I never promised that to anybody at the time of the last election. I said that the best way of reducing unemployment was to get small business going again. And that is what, on every front, we are endeavouring to do. We've changed the capital gains tax laws. We've changed the industrial relations law. If the Senate is not obstructionist we'll change the unfair dismissal laws even further. We've reduced the paperwork burden. We've reduced the provision tax uplift factor. We've created the circumstances that have reduced interest rates. We've consolidated the low levels of inflation. Now, over time that will give an incentive to small business to get out and do more. But it does take time for interest rates to flow...the benefits of lower interest rates to flow through to the economy. And I simply say to all of your listeners that we've only been in office 14 months, you can't turn everything around...

SATTLER:

But you made some predictions about unemployment in the last budget which didn't come true, is that right?

PRIME MINISTER:

The variation is not enormous.

SATTLER:

No, no, but they were wrong. I want to know how confident you are about getting to this 8% in the next 12 months.

PRIME MINISTER:

Well, we believe that if all of the predictions that are made about growth it will be achieved. But I'm not holding out to people that there's going to be a dramatic fall over the next 12 months. I can't honestly...

SATTLER:

Well 8% wouldn't be a dramatic fall anyway, would it?

PRIME MINISTER:

No, no, it wouldn't be. It would be the best we've had since 1990, the best we've had since 1990, but it wouldn't be a dramatic fall. It is going to be a slow business. But there are a number of things in this budget that over time are going to help them. I mean, the federation fund, over time, will help because it will be largely devoted towards jobs generating investment. And you can't get away from the fact, Howard, as I said in the election campaign, but the only way you're going to make a big dent in unemployment in this country over a period of time is through the small business sector.

SATTLER:

But aren't we entitled to feel a bit short changed both by the previous administration and yours

because you've substituted a savings scheme, a savings rebate scheme for Paul Keating's failed L-A-W law tax cuts. Now, I thought even though that he broke promises there, you wouldn't.

PRIME MINISTER:

Well that was his commitment...

SATTLER:

Yeah, but didn't you undertake to go along with that?

PRIME MINISTER:

Well, we undertook to have...we undertook to deliver it in the form of a contribution or other savings measure. Now, we have delivered it as a savings measure, not of the same amount, I acknowledge that, and that is a contribution to reducing deficit. And I...

SATTLER:

By about \$3800 million, is that right?

PRIME MINISTER:

Well, you're multiplying over a period of years, but it makes a contribution, and it doesn't represent, of course, an increase. It was a commitment made by the former government in 1992. Now, we are delivering a superior savings scheme. For the first time since federation you've got a national government that is inviting Australians across the board to save. We're giving them a break for savings, 15%, all forms of saving. Not just bank savings, all forms of returns on investment. If you make a personal contribution to superannuation that doesn't already have a tax break you will get the 15%...

SATTLER:

How many people do you reckon you're going to qualify for this?

PRIME MINISTER:

About six million.

SATTLER:

Really?

PRIME MINISTER:

Six million people when it is up and running in one form or another we estimate will benefit from this measure. It is the first time since federation that a government has put its tax incentive where its mouth is in encouraging people to save. Now, politicians year in and year out have said, you know, Australians ought to save more, but they've never given them an incentive. For the first time this will give them an incentive. This will be good for young people saving for a home. It will be good for people who are making a personal super contribution. It will be very good for self-funded retirees because for the first time they will get a tax reward for saving.

SATTLER:

All right, Prime Minister we'll take a short break. I've got to pay a few bills, you'd appreciate that.

PRIME MINISTER:

Go for your life.

SATTLER:

And we'll be back and take some calls in just a moment.

(tape break)

SATTLER:

We've got a call, Prime Minister, from Norma. Good morning Norma.

CALLER:

Good morning.

SATTLER:

And the Prime Minister is listening.

CALLER:

Yes well I'm a pensioner on private rental. I just watched the news on Channel 9 and they said that you're taking away rental assistance from pensioners.

PRIME MINISTER:

No, that's not right. No, the only change there is that if somebody is living with another person in subsidised housing commission accommodation and thereby getting the benefit of a subsidised rent...

CALLER:

(Inaudible)

PRIME MINISTER:

No, hang on, could I just please finish because I don't want people alarmed by misinformation. The only change we're making is that if somebody is living with another person and that second person is getting a subsidised rent well that person living with them can't also get a rent assistance payment because otherwise they're double-dipping. Now, that is the only change that's being made there and if people are spreading stories that we're taking away other amounts then they're wrong.

SATTLER:

All right Norma. Are you living with someone else who's getting subsidy?

CALLER:

No I'm not, I'm living alone.

PRIME MINISTER:

Well your subsidy will not be affected by this budget.

SATTLER:

There you go Norma, you'll be okay.

CALLER:

Well what about what else he's taking away from pensioners?

PRIME MINISTER:

Well look, I mean, if somebody has asked you to ring or whatever that's fine, I mean let's put it on the table. But can I just say to you that what you have just said is factually wrong. I would never do that and I resent the fact that people spread these fear stories in relation to the elderly. All we are doing is preventing the abuse of a situation where you have a double-dip on the welfare system, and that's wrong.

SATTLER:

Well Prime Minister you're giving a lot of attention to the rural areas too in this budget...

PRIME MINISTER:

Yes we are, and deservedly so.

SATTLER:

Yeah, but is that to save Tim Fischer's political life?

PRIME MINISTER:

No it is not, because they deserve help, they've done it hard. They've had years of drought and very indifferent seasons and they're entitled to a decent scheme to replace the rural adjustment scheme that most reports indicate are simply not working effectively.

SATTLER:

And will it stop the Hanson bandwagon in the bush?

PRIME MINISTER:

Well look, this budget is not targeted at the Hanson bandwagon or any other bandwagon. It's targeted to benefit Australia's future. As far as that bandwagon is concerned, I will deal with issues on their own merits. And I would say to the farmers of Australia that the best thing that we've done for you is that we've reduced Australia's debts and that means we are consolidating the conditions for lower interest rates. Farmers always complain, quite rightly, that governments run up debt. This has been a budget that's taken a \$10.5 billion deficit and turned it into a \$1.6 billion surplus in three years. This

year we will repay \$5.3 billion of Mr Keating's debts. By the year 2000 we will have halved from 20% to 10% the debt, the GDP ratio of this nation. Now, all of that will deliver a more stable economy, a more low cost economy for Australia's rural people and that will do more to help the farmers of Australia than any cheap populism from an alternative political philosophy.

SATTLER:

Listen, I've got an apology to make to you too.

PRIME MINISTER:

Why?

SATTLER:

Because I said yesterday, after I heard the news that Kim Beazley had called upon you to, like the Labor Party, put Pauline Hanson last in Oxley, that you'd definitely go along with that but you haven't.

PRIME MINISTER:

Well look, we will decide in the normal way, when the election comes, how we allocate preferences. And I'm not going to get caught up with some gimmick by Kim Beazley on that issue. Can I just tell you that, you know, this man who's trying to get the moral high ground on this issue, at the last federal election he put, in my own electorate of Bennelong, he put the Australians Against Further Immigration ahead of me. Now, I don't care about that, it's totally irrelevant as far as my own seat is concerned. But I mean, it does sort of show what feet of clay the moralist has on this subject. Now, the Queensland organisations will decide preferences in the seat of Oxley at the time of the next election. It's two years off. Long way to go Kim. Two years off and we will decide our preferences then. I'm not going to, sort of, get caught up in some gimmicky stunt by him on that issue.

SATTLER:

All right. You're next caller is Ingrid. Hello Ingrid.

CALLER:

Good morning. Well there's much done about the pensioners. They've been hit left and right and also this...

SATTLER:

But in specifically...

PRIME MINISTER:

Pensioners have not...look could I tell you there's one thing that has been done for the pensioners. We are actually legislating to guarantee that the pension will never fall below 25% of average weekly earnings. We're legislating that. The first time it's ever been done. So when you say there's been nothing done for the pensioners, there's been a lot done for them. And keeping prices down and...and we've also got, in relation to people who might be coming on to the pension, we're introducing this pension bonus scheme that will encourage people in the workforce who don't want to go out to stay in the workforce. So I'm not going to cop this allegation that the pensioners have been hit right, left and centre. They have not been hit. We have increased the domiciliary care allowance by 25% and that will

help people who are caring intensively for a frail relative. We have protected the pension by way of the legislation that I've just cited. And the other stabilising affects on the economy all keep prices down and that is a great help to pensioners.

CALLER:

Well, they got \$1.20 rise last year.

PRIME MINISTER:

Well we're talking about this year madam. I mean, look, if you're going to make an allegation about the budget, be specific, be accurate, don't spread misinformation about something that clearly is unsupportable. There is nothing in this budget that is inimical to pensioners. On the contrary, we are guaranteeing, via the legislation...the Labor Party did it. They had 13 years to do that and we're doing it in this budget. We are putting into legislation the 25% guarantee. So I am not going to have anybody say that this is a budget that's unfair to pensioners. We would never be unfair to pensioners.

SATTLER:

Prime Minister, \$20 million is going to be, extra funds, are going to go into the Native Title Tribunal. Now, what does that say of what we can expect on that front in the next year?

PRIME MINISTER:

Well I'll tell you what you can expect on that front. You can expect, on that front, you can expect, if we get our legislation through the Senate, you can expect a number of things. You can expect the bogus claims to be wiped out. You can...

SATTLER:

Quickly?

PRIME MINISTER:

Well as soon as we can get the legislation through the Senate. And the legislation is there. I've had the 10 Point Plan adopted. And the legislation giving effect to that is being prepared at the present time. And I want to say to all of your listeners that the advantage of my approach is that it will give to farmers and pastoralists the security they are entitled to without the downsides of blanket extinguishment which would be more expensive, potentially unconstitutional and more divisive. And as I have the opportunity to go around Australia and explain to pastoralists the way my plan will work they will see that none of them can have their ownership threatened. None of them will be denied the opportunity to manage their properties without interference.

SATTLER:

But a lawyer, should they be rubbing their hands with glee at the profit?

PRIME MINISTER:

Well look, look, unfortunately the *Native Title Act* passed in 1993, which I voted against and my party voted against, created a lot of work for lawyers. The whole thing has created a lot of work for lawyers. But don't blame me for that. Don't blame my Government. I didn't write the *Native Title Act*. It was written by my predecessor, Mr Keating. And it is an appallingly unworkable document and that

is why we're trying to fix it up.

SATTLER:

Your next caller, I think from small business Prime Minister, good morning Bronwyn.

CALLER:

Yes, good morning. Mr Howard you claim in the budget that you're helping small businesses, could you please explain to me why it appears that you're actually cutting places from new enterprise incentive schemes which is a government programme which helps place unemployed people in their own small business?

PRIME MINISTER:

Well you've got to talk...you've got to look at all these things we've done for small business and let me repeat them. From the 1st of July this year there will be a \$250 million injection through a major liberalisation of the capital gains tax system. It will mean that anybody in small business who wants to expand their business can sell their existing one and up to \$5 million of the proceeds of that sale will be completely free of capital gains tax. We have made changes to the industrial relations system. We've reduced the volume of paper work. We've reduced the provision tax uplift factor. So when you are talking about the totality of the things that we have done you have to take everything into account. And quite honestly, we believe the best way to help small business is to ease the conditions in which all small businesses operate.

CALLER:

Okay, that's really helping those that are already in small businesses. What about helping those...

PRIME MINISTER:

Well no, it's not only helping those that are in small business. Because if you have a climate of lower interest rates, if you know that if you take the punt and go into small business you can have a more benign capital gains tax system, if you know that if you take the punt and go into small business you can have a more flexible industrial relations system and you can have better cash flows, and if you know that as a result of this budget in relation to remittances to the Taxation Office of deductions you've made on account of taxation obligations of your employees you can hold on to your money for a couple of months, you will take all of those things into account because you will add them all up and you'll say to yourself well, the conditions for my taking the punt are better now than what they were a year ago. I'm just inviting you...I mean, you can pick one isolated thing and say: why have you done that? But if you're really fair about our approach to small business, and I'm sure you are, you will look at the whole smorgasbord and you will acknowledge that we have tried for the 14 months we've been in office, at every turn, and our latest attempt is to further liberalise the unfair dismissal laws and I invite you to consider that. I mean, right at the moment the Senate is set to thwart an attempt to completely free every small business under federal awards from under 15 employees from the impact of the, any unfair dismissal laws. Now, the Senate is threatening to break - to thwart that. So I just ask you to look at everything. Not just look at one isolated issue.

SATTLER:

And Prime Minister, are you going to take advantage of the Government's offer to work an extra five years after your normal retirement age?

PRIME MINISTER:

Oh, well I think, I'm 57 now, well, I'll think about that. Come back to me in five or six years time. I know don't know if my wife would favour that. I think she would have something very strong to say about it.

SATTLER:

Do you think it will prompt many people to do that?

PRIME MINISTER:

Look, I think it will prompt a number of people. But the important thing is it's a very important gesture towards choice. I mean, what we're really saying is that we value people according to their worth and their capacity, not according to their age.

SATTLER:

Yeah, but is it going to create a log jam at the top of it?

PRIME MINISTER:

No, no it won't. That's a furphy. I know some people are saying that but you know as well as I do that a person who's age 63 in an organisation and somebody's who's age 18 or 19, their jobs and their experience and their contributions are not interchangeable. They're really not. You can't really substitute them and any suggestion that you can falls to the ground if you look at each individual business.

SATTLER:

All right. Now, what have you got in store for us next year? Because a lot of people are saying you're just treading water in this budget.

PRIME MINISTER:

No, we're not...how can you be treading water when you've laid down the circumstances for a surplus of \$1.6 billion when you're repaying \$5 billion of debt and you're creating the circumstances for low interest rates. That's not treading water. When you're announcing the best tax incentive for savings in 97 years, when you've announced a federation fund that will pay for major infrastructure projects around Australia, that's not treading water. It is swimming freestyle dramatically.

SATTLER:

Like our girl over there...

PRIME MINISTER:

Indeed. It is swimming dramatically.

SATTLER:

Thanks for joining us on the programme today and I look forward to seeing you when you're coming over to Western Australia in the next month or two.

PRIME MINISTER:

Good on you.

[Return to Media Interviews](#)