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## Interviews

12 February 2004

**TRANSCRIPT OF THE PRIME MINISTER  
THE HON JOHN HOWARD MP  
PRESS CONFERENCE,  
PARLIAMENT HOUSE, CANBERRA**

*Subject: superannuation; FTA; baby bonus.*

E&OE.....

PRIME MINISTER:

Ladies and gentlemen thank you for coming this balmy afternoon, I'm sorry it's so late. I just wanted to announce that the Party Room has approved the Cabinet's decision to legislate immediately to close down the existing Commonwealth Parliamentary superannuation scheme to people elected at the next parliament and it will be replaced by a scheme that attracts a government contribution of nine per cent which is the community standard.

JOURNALIST:

Are you playing catch up with Mark Latham?

PRIME MINISTER:

No, I've always said that if a good idea is raised that it ought to be dealt with immediately. I will do so. The reality Alison is that there is a community perception that this super's too generous, I think the overall package is not too generous but people think the super's generous and rather than this thing drift on for months as the subject of a partisan political debate I've decided to act immediately to get it off the agenda as a partisan political issue...

JOURNALIST:

Mr Howard...

PRIME MINISTER:

Just a moment, just a minute, so that we can have a focus on issues that are really important to the future of this country such as the Free Trade Agreement with the United States. I ought to point out to you that under Mr Latham's proposal the change would not apply until people are elected in 2007, under what we're proposing, assuming the Parliament approves it, it will have effect from the next election so that people covered by the change will be those people elected for the first time at the next election.

JOURNALIST:

What will you replace the current scheme with?

PRIME MINISTER:

An accumulation scheme which will attract government contribution, an employer contribution, of no more than nine per cent.

JOURNALIST:

Will you introduce a pay rise to to compensate for the loss of...

PRIME MINISTER:

Well it's not part of the deal to have one. I mean what happens in the normal course with the Remuneration Tribunal and so forth will happen but it is no part of this proposal that there be a compensating pay increase. But let me point out that the new MPs won't pay the 11.5 per cent after tax that is paid, I paid for many years and other members have paid.

JOURNALIST:

... long time.

PRIME MINISTER:

I beg your pardon?

JOURNALIST:

Given it's been (inaudible)?

PRIME MINISTER:

Well look you can write whatever you like but something has come up, I said I'd analyse it, you may remember when it first came up, I said I would analyse it and I've given the matter a lot of thought and what we're doing is to legislate immediately, so I assume that the Opposition will support and will pass the legislation. But bear in mind it's nine per cent, the contribution, not something to be determined by the rem-tribunal which is Mr Latham's proposal, it was nine per cent. The other thing I should announce is that I'm going to suggest to the states that there be a

joint examination of remuneration and superannuation arrangements for both state and federal judges, I do not believe that federal judges should be dealt with separately because we essentially draw from the same talent pool. I also think it is wrong to ignore the fact that the principal source of appointments to the bench over the years have been people who have been high earners and high performers at the bar and many of them have gone on the bench on the understanding of a generous pension as a compensation for giving up their very high incomes at the bar, I do not wish to cut off that stream and you can think of numerous examples of people who fall into that category so I'll be proposing a joint thing with the states in relation to that.

JOURNALIST:

Did you have troubles presenting your Coalition colleagues to support you (inaudible) of the Labor proposal.

PRIME MINISTER:

No I think what they had done Steve as I have done is to argue that the present package is not over generous, and it's not, I don't think the present package is over generous but I recognise that there is a community perception that the superannuation part is too generous and by community standards the superannuation on its own is generous but of course it's part of a package and I've decided and the Cabinet decided and now the Party Room has decided that the most sensible thing to do is to recognise that, to get on with it, do something immediately, not just let it drift on for months and months, do something immediately, get it out of the way and get back to things that are important in determining the future of Australia. I mean this is not an issue that looms large in terms of a good or bad future for Australia, I think it's something that is capable of becoming a political diversion and I don't believe in political diversions, I believe in focusing very heavily on the things that are important to the Australian people.

JOURNALIST:

Will you be putting a reference to the remuneration tribunal to look at the whole package?

PRIME MINISTER:

No I'm not proposing to do that, no.

JOURNALIST:

... take a super sacrifice yourself?

PRIME MINISTER:

Look I will take the entitlements I have under the existing scheme as did Mr Hawke, as did Mr Keating, as did Mr Fraser and the Australian public will make a judgment about me and about Mr Latham at the next election.

JOURNALIST:

... wrong with the existing scheme, what's changed since then?

PRIME MINISTER:

I have said in the past that I didn't regard the package, the overall package, as unreasonable but I recognise that this has become an issue in the public mind and I always believe that when something crops up, becomes an issue in the public mind, you've got to make a judgment as to how you deal with it and the Government has decided to deal with it immediately by proposing legislation, we assume the Labor Party will support that legislation in full, we assume that all the members of the Australian Labor Party will support a nine per cent scheme and we'll put the legislation up and the legislation will be passed and the issue will be out of the way.

JOURNALIST:

Prime Minister, is this a flip or a flop?

PRIME MINISTER:

This is sensible.

JOURNALIST:

Your Treasurer said this yesterday that this sort of change would not help attract good MPs, do you share that concern?

PRIME MINISTER:

Well I don't think in the long run MPs are attracted by remuneration, I think it has, I think there are a variety of factors that influence that but as far as I'm concerned good MPs will always come forward for reasons other than money, I think some people are influenced by money but a lot of people are dissuaded by the present remuneration package. But you know their influence, people are influenced by a whole range of things.

JOURNALIST:

Will this apply to the Governor General as well?

PRIME MINISTER:

This is something that only applies to Commonwealth public servants, Commonwealth members of Parliament rather.

JOURNALIST:

... Mr Latham to (inaudible) on what he's said?

PRIME MINISTER:

Look I don't know, I mean that's up to him. I don't know what he's going to do...

JOURNALIST:

... because he was making this change, imposing it on future MPs, that he felt bound to take some kind of cut.

PRIME MINISTER:

Well I mean you've asked me about that and I'm indicating that there won't be any retrospectivity, there won't be any retrospectivity and we're going to put the legislation up and I mean I assume that they'll support it, it's nine per cent so I just assume, he's talked about a community standard, although he's never actually nailed himself to a particular figure.

JOURNALIST:

... MPs will stay on the existing arrangement?

PRIME MINISTER:

Yes. It's the same principle that was applied, that's the principle that was announced by the Labor Party and it's our principle too, you don't have retrospectivity in these things.

JOURNALIST:

Prime Minister, just on another issue, the leaked Cabinet document, is the Government guilty of sitting on advice from its own departments, including your department, that suggested a better way to provide relief to...

PRIME MINISTER:

We're always a government that does the right thing by Australian families.

JOURNALIST:

But is the Government guilty of sitting on this advice from December 2002...

PRIME MINISTER:

We do the right thing by Australian families.

JOURNALIST:

... tax relief (inaudible)...

PRIME MINISTER:

No what I've said is that if we have money over after we've provided for what is necessary then it's always our aim to give it back to the taxpayer.

JOURNALIST:

(inaudible)?

PRIME MINISTER:

Look I've said before that we're looking at that, I'm not going to go any further.

JOURNALIST:

(inaudible)?

PRIME MINISTER:

We are looking at it, full stop. I'm not tying myself down to any particular timeline on it, I'm simply saying that we continue to examine it.

JOURNALIST:

When did you actually make the decision to change the super scheme?

PRIME MINISTER:

Today.

JOURNALIST:

In Question Time you said you were still analysing it.

PRIME MINISTER:

Well I was.

JOURNALIST:

What was the...

PRIME MINISTER:

The analysis of various alternatives of handling it.

JOURNALIST:

Did you see any polling research...

PRIME MINISTER:

No, no, no. None whatsoever. We haven't... no.

JOURNALIST:

Mr Howard on the FTA, there is investment provisions in there that apply

to the United States. Will they be extended to apply to all countries or will there be preferential treatment for the United States?

PRIME MINISTER:

Well there's obviously a preferential treatment in a bilateral free trade agreement. It doesn't automatically follow that the higher ceiling will apply to other countries, no. It doesn't.

JOURNALIST:

Latham is (inaudible) gold card... (inaudible)...

PRIME MINISTER:

No I don't see any need for any change in those.

JOURNALIST:

Prime Minister, are you satisfied with the level of payment to MPs, particularly to Ministers.

PRIME MINISTER:

No I don't think the salary levels of Ministers are commensurate with their responsibilities. But you know Malcolm that the political difficulty of any significant changes in those areas. I mean we've all been around long enough to be adult about this. You know that the burden carried by senior Ministers is such that compared with people in the private sector, they are not well paid. But because we are all paid, including senior journalists, a lot more than the average punter, it's very hard to get that sort of, you know, comparative impoverishment across. And you know, I think that is the reality of it and I think we all understand that.

JOURNALIST:

Are you concerned that the Treasury Secretary is paid more than the Treasurer?

PRIME MINISTER:

Well let me put it ... if it's unfair, it's not the greatest injustice in the world, any more than it's the greatest injustice in the world that Peter Shergold is paid more than I am. I mean let's... we've got to preserve a sense of proportion. You want to be in touch with the Australian community. I think they basically don't mind people being paid a reasonable amount, but if you're talking to a bloke who is earning \$45,000 a year and you say gee I'm underpaid at \$268,000, he's not instantaneously sympathetic. And, you know, you have just got to be realistic about it. And I am. I'm a realist about these things. I mean by community standards I am well paid and the taxpayer provides me with accommodation and the taxpayer provides me as Prime Minister, as all other Prime Ministers have been provided with, with certain emoluments and additional things, and I'm very grateful for that and I regard myself as

very fortunate to be Prime Minister and I have absolutely no complaints about the pay that I get – none whatsoever.

JOURNALIST:

Why haven't you acted on superannuation earlier than this?

PRIME MINISTER:

Well because I had taken the view that the package overall was a fair and reasonable one, but the issue has now become... clearly it's there in the public domain and there is nothing to be gained by my leaving it swinging. I don't believe in leaving things like that swinging. You deal with it.

JOURNALIST:

(inaudible) state governments act on their superannuation?

PRIME MINISTER:

Of course they should. I mean I would hope that after this announcement this afternoon that all of your cohorts in state capitals will be on the trail of every State Labor Premier to make sure they do exactly the same thing and that you will give them no peace until they do.

JOURNALIST:

Prime Minister, would you applaud Mr Latham for tapping into the public mood or do you think he is like Mr Abbott said, that he was tapping the politics of envy and cheap populism?

PRIME MINISTER:

Well look I'm obviously not going to sort of give an answer to that question. Who do you think I am!?

JOURNALIST:

Isn't this going to make the total package for you and Members...

PRIME MINISTER:

Well no. I think what you've got to bear in mind is that for the incoming MPs, they won't pay the 11.5 per cent. That's quite a significant... this is forgotten. And one of the arguments that, you know, I have always had about this thing – you could never get across the point that you're paid 11.5 per cent after tax. And that 11.5 per cent contribution was made after you've paid your tax. I mean I paid that for a long time and then under the rules you sort of dropped down to five per cent after you've been in the place about what 18 or 20 years. What this will mean is that incoming MPs will be I think something in the order of... going to be some hundreds of dollars a month better off, you know cash in the pocket, because they won't be making that 11 per cent contribution.



JOURNALIST:

Mr Howard, how much is this really designed to make the Labor leader put his money where his mouth is?

PRIME MINISTER:

Well I wouldn't put it so inelegantly as that. But you know I simply don't believe in leaving these things lying around. I think you have got to deal with them. The issue has come up. There is a community view and I have decided to do something about it, and I think it's the right thing to do, and I repeat - I do not want it to be a diversion. I mean there are more important things than an argument about federal parliamentarians' superannuation conducted in a very sort of nitpicking, envy driven environment, and obviously it's sensible to do something about it.

JOURNALIST:

Prime Minister, the baby bonus was the centrepiece of your election pitch to families. Has it been an outstanding success or can we look forward to...

PRIME MINISTER:

A lot of people have taken it up Steve.

JOURNALIST:

Can we look forward to it being redesigned for the election?

PRIME MINISTER:

You can speculate anything you like.

JOURNALIST:

You're not tempted to give away some children's books now?

PRIME MINISTER:

No but I tell you what, I am tempted to renew my invitation to Mr Latham to support the Medicare safety net.

JOURNALIST:

Prime Minister, are you going to get involved in the Medicare negotiations (inaudible)

PRIME MINISTER:

If I'm asked to by Mr Abbott, but he's handling it superbly.

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