



PRIME MINISTER

2 April 1996

WH/AB

TRANSCRIPT OF THE PRIME MINISTER THE HON JOHN HOWARD MP AM PROGRAMME WITH FRAN KELLY

Topics: Aboriginal Affairs; IR; Victorian election; current account deficit

E&OE.....

KELLY:

Prime Minister good morning.

PRIME MINISTER:

Good morning Fran.

KELLY:

Prime Minister, your first night in the Lodge, how did it feel?

PRIME MINISTER:

Well, it is a great privilege to reflect upon the continuity of the position. It was a residence occupied by Menzies, by Curtin, by Whitlam, by Fraser and my two immediate predecessors, and it is a greater sense that I can express is one of a privilege to have been elected to the highest political office in Australia. It is an enormous privilege and I intend to treat it as such and I intend that the tone of my Government will be that it is a privilege to serve the Australian people, that we will keep the proper sense of the obligation we owe to the Australian people. We will avoid the temptations of hubris and excesses and to understand that we are there as a gift from the Australian people. I mean, it is their gift. We are not there as a right, and although we received a marvellous victory and a terrific endorsement on the second of March that can be taken away just as savagely and just as easily if we don't measure up to the

task and that will be the tone and the attitude that we are going to adopt over the next three years.

KELLY:

There's a range of issues to talk about obviously, Mr Howard. Aboriginal Affairs is a key one at the moment. The Chairman of the Aboriginal Reconciliation Council has said that there's the potential for the reconciliation process to regress under your Government. Can you understand that fear?

PRIME MINISTER:

No, it is quite mistaken. I want to say right at the outset that we remain committed to reconciliation. That commitment can't stop us from ensuring the full accountability of all those who have the taxpayers money for the expenditure of that money, and ATSIC is no different and the Aboriginal Legal Service is no different from any other agency of Government or any other activity in Australia which is funded by the Australian taxpayer, and we better understand from the very beginning that nobody is exempt from the obligation of accounting for the money that is given to them by the Australian taxpayer, and that applies to everybody now. There is no legitimate ground for the leaders of the Aboriginal and Torres Strait Islander community in Australia to believe that the new Government, my Government, is going to stop the process of genuine reconciliation. But they should also, and Australians should understand that we are not going to be scared off doing things that are necessary in the interests of Australian taxpayers by some kind of politically correct quarantining of certain activities from any kind of scrutiny, and we should understand that all are accountable before the laws of Australia and you have to treat all Australians equally.

KELLY:

And are you saying that there's an implication there that that has been what's happened in the past?

PRIME MINISTER:

I think in some areas it has but what has happened in the past is in the past. Any Government represents something of a new beginning and whilst you don't change everything you naturally do things differently. Now, I want proper communication with the leaders of the Aboriginal community in Australia. I want the money, the large amounts of money that are made available by Australian taxpayers to help the Aboriginal community in a genuine and direct way. It is a national disgrace that the standards of Aboriginal health are so far below those of other Australians and it ought to be our first task to cut through what is currently stopping those large amounts of money getting to the target areas of need, and it will be my responsibility and particularly the responsibility of John Herron who has a very compassionate understanding of human need, and also a pretty sensible appraisal of the need for accountability, it will be his particular responsibility to see that that occurs.

KELLY:

Is there a warning in those words though, sort of a warning to the Aboriginal community that there is a new Government in town, things are going to change, the preferential treatment that they might have been afforded, are you saying something like that?

PRIME MINISTER:

No Fran, I'm just saying what I believe and I am articulating the views of mainstream Australia. What mainstream Australia is saying about Aboriginal affairs is that we as Australians are ashamed that their standards of health are below ours and something must be done to fix that and to give greater educational opportunities for their children and employment hope, and housing conditions must be improved. Australians are saying that, and I endorse that, but they are also saying that consistent with that we as taxpayers are entitled to value for our dollars and we as taxpayers are entitled to debate and ask questions about whether programmes are helping the targeted areas of need without being accused of prejudice or bigotry without being knocked off course by sort of phoney charges of racism and things of that kind.

KELLY:

We'll move on, but just one quick question on that area before we go. Pat Dodson also called for a guarantee from you that your talk of cutting out duplication between the Commonwealth and the States and handing over control for more services to the States won't include handing over control of Aboriginal health and education back to the States.

PRIME MINISTER:

We will fulfil our constitutional responsibilities in that area. I'm not going to give a sort of blanket response. I mean, all sections of the community ask new Governments for across the board guarantees perhaps in the hope that they'll be able to sort of get something that subsequently you can't retreat from. Now, I will approach the sort of issues that Mr Dodson raises as Chairman of the Reconciliation Council. I will approach it with good faith and with goodwill towards him and recognising the desire of all Australians to have genuine reconciliation and I also will approach it from the point of view of having a responsibility to all Australians to see that the money they pay in taxes is properly spent.

KELLY:

Mr Howard, you've long identified industrial relations as a key issue for Australia moving forward. How does Peter Reith's threat to override the New South Wales industrial relations legislation with federal law fit with your philosophy and rhetoric of States' rights?

PRIME MINISTER:

I think there is no inconsistency at all. What Peter is saying is that he is prepared to use the amplitude of Commonwealth power to implement our policy. That's all he's saying.

KELLY:

But he's also saying he'll override a States' rights to form its own law. Haven't you fallen on that battleground many a time on the opposite side?

PRIME MINISTER:

No, I fight on the merits of these issues. I am not, as many people will recognise, an ideological States' rightist. I am an Australian nationalist before anything else and I will always seek a solution that is in the best interests of the entire Australian nation and often that best solution is to allow the disparate parts of the federation to run things themselves. Now, what Peter is talking about is making certain that all Australians can be protected against discrimination according to whether or not they belong to a trade union. What we object to about the New South Wales law is that it proposes to restore preference to trade unionists. Now, we don't discriminate against trade unionists and we won't, but no Government in Australia should discriminate against non-trade unionists and the Carr Government in New South Wales is talking about doing that and when you've been elected on a programme of industrial relations reform, you have an obligation to make the benefits of that reform available to all sections of the Australian community, irrespective of State boundaries, and we made that very clear. We said in our policy both in '93 and '96 that if we were elected, we would use all of the constitutional power available to us with some restriction on the use of the external affairs power, to implement our policy and that is exactly what Peter is talking about doing.

KELLY:

Given that you were elected on this platform of industrial relations and you've said the speedy introduction of your I.R. reforms is essential, why not consider breaking up your I.R. bill, your reform bill into parts so that some elements of it can be passed quickly through the Senate with minor party approval? There are some parts they approve of...

PRIME MINISTER:

Look, the Government of the day has the responsibility of setting the pace as far as legislation is concerned and we said the industrial relations package was an integrated whole. To reform the industrial relations system, you have to do it all. I mean, it would be ridiculous just to fix the unfair dismissal law and do nothing about the freedom of bargaining, subject to a guaranteed safety net. It would be ridiculous to do something about the freedom of bargaining without doing something about compulsory unionism.

KELLY:

But why not get one bit through early and quickly and then move on to the rest?

PRIME MINISTER:

No, no, I know from past experience that if you want to whittle down the momentum for change and reform, you from the very beginning stumble at the first hurdle and allow your political critics and your political opponents to set the pace. I have seen that happen before. I made it very clear at the beginning of the new Government's term that we would present this as a whole and we will be saying to the Parliament shortly after it convenes on the 30th April that this is what the Australian people voted for and we will invite the Members of Parliament in both Houses to vote for what the Australian people voted for. That's what we're asking them to do. We've got no sleeve options or things in the coat pocket. What we're putting on the table is what we put on the table before the election and we're merely asking for the most basic exercise of the democratic process and that is for the Parliament of Australia to deliver the will of the people of Australia.

KELLY:

And are you heartened in your pursuit of that by Jeff Kennett's victory in Victoria over the weekend? I mean, a resounding victory, does that give you heart for taking on big reforms and being assured that the Australian public is ready to take the pain and embrace the pain, in some cases, of major reforms if necessary?

PRIME MINISTER:

Well I think there will be enormous benefit from our industrial relations reform. We're not going to cut people's wages. We're not going to cut people's take home pay through our policy. There will be many gains from our industrial relations reform. Can I say in relation to Jeff Kennett that it was a great win and he deserves every bit of it because he was a very courageous Premier who took over an absolute basket case. Now, the economic conditions in Victoria were appalling that he inherited three and a half years ago and he deserves enormous praise in every vote that he won last Saturday and it's a great compliment to him.

KELLY:

Does it give you heart to be brave and be bold?

PRIME MINISTER:

I had a lot of heart before last Saturday. I am pleased for him and I am pleased for the people of Victoria but we have our own task. It's not insignificant. As yesterday's current account deficit reminded us, it's part of the Labor inheritance, and you put that on top of the \$8 billion Beasley black hole. That's the \$8 billion of additional deficit that we weren't told about before the last election which is certainly going to certainly heavily influence what we have to do over the coming months. I mean, we have our

own inheritance. It's different but it certainly has a lot of difficulty and we have been presented with a very difficult task of economic management by the outgoing Government.

KELLY:

Just on the question of economic management and the \$8 billion worth of cuts that you've just mentioned there that you will be forced into, will those cuts go ahead of that magnitude if growth comes back more strongly from the forecasts, which some commentators are now saying is likely...

PRIME MINISTER:

Fran, we have laid down a program of action based on what we've been told about likely growth. We're aiming to get \$8 billion. If and when there is some change in the growth predictions as Peter Costello and I have both said, come back and ask us then, but I am not going to spend, nor is Peter or John Fahey, going to spend the next three or four months speculating about what might happen if maybe and perhaps the growth is a bit different.

KELLY:

But you will spend the next three or four months working out the cuts on the \$4 billion plan.

PRIME MINISTER:

We certainly will be implementing the plan to have four and four. Now that is the plan and we're going to do that. That is our aim but we are not going to spend our time during that period backing and filling and saying, well maybe if this happened and something else occurred, then we'd do it differently.

KELLY:

So if growth does come back then, we can expect to see the Budget in surplus?

PRIME MINISTER:

No Fran, when the growth projection changes, I am sure AM will seek an interview with somebody to find out what the reaction of the Government is.

KELLY:

Prime Minister, the Reserve Bank meets today. The Reserve Bank Governor has warned that cutting spending won't mean much for interest rates but haven't you and your Treasurer said repeatedly that winding back the deficit will have implications, positive implications for interest rates?

PRIME MINISTER:

Yes I believe what happens is that when you reduce the deficit or increase the surplus, you do have a beneficial effect on interest rate pressures. Now there's no sort of automatic cause and effect but it certainly reduces the pressure. There are a lot of other pressures on interest rates - the size of the current account deficit, the level of our overseas debt, wages and inflationary pressures. All of those things come together to constitute the aggregate pressure on interest rates but obviously if there's some change in the level of the deficit or the surplus, that will have an effect.

KELLY:

Do you expect then the next movement in interest rates to be down as a result of your economic policy changes?

PRIME MINISTER:

I'm not going to speculate on future movements in rates except to say - and this is not speculation, it's just a commitment - we will do everything we can to take pressure off interest rates, and that means tackling in the long haul the savings problem via the deficit and it also means, and this is relevant to what we were saying earlier, it also means fixing up the supply side of the Australian economy, industrial relations reform, waterfront reform and other micro economic reform. Reducing the costs of doing business in Australia in the long term will contribute more than anything else to improving the current account deficit performance but it's going to take time because the previous Government basically did nothing to fix the current account deficit. I mean, you all remember Mr Keating's famous warning in 1986 about the banana republic? Well, nine years, what no, ten years on almost to the day, we still have a chronic current account deficit problem so for ten years my predecessor, despite all his talk about economic reform just presided over a, you know, in many cases a worsening current account deficit situation.

KELLY:

One measure they did take for microeconomic reform was to open the third runway. Tomorrow the east-west runway re-opens. There's a perception in some areas of the community that this is pure politics, about shifting the noise out of Liberal electorates back to Labor electorates. Is that the case?

PRIME MINISTER:

Fran, it's an exercise in keeping your promises first and foremost. I mean, I...

KELLY:

The promise in itself then?

PRIME MINISTER:

Well I think promises made before elections ought to be kept after elections and I am very proud that we have been able to keep that promise so effectively and so quickly. It's not an exercise in politics. It's an exercise in fairness, of relieving the unreasonable burden that some people in Sydney were suffering in a way that makes it more tolerable for them without making it intolerable for others. Now that's fairness. That's not politics, and I will always stand up for fairness to Australians.

KELLY:

Some residents' groups are saying today that it could make it worse all round. If it does, will you reconsider the decision?

PRIME MINISTER:

It won't.

KELLY:

Mr Howard, another speedy change that you made on coming to office was the decision to operate for almost half of the year in Sydney. Canberra has been established as the national capital. The infrastructure for Government is here, the department heads, advisers, key industry groups. Is that going to involve, is your decision going to involve any extra costs for the taxpayer?

PRIME MINISTER:

Fran, I am not shifting the seat of government and I think there has been some exaggeration or misunderstanding about this. What I am going to do is to have my principle place of residence in Sydney but as far as my operations as Prime Minister and my working existence as Prime Minister, I will continue to have Canberra as my headquarters, but I will from time to time work out of an office in Sydney as a number of my predecessors have done. For example, Malcolm Fraser when he was Prime Minister worked for periods of time out of his office in Melbourne because he came from Victoria but he had his headquarters in Canberra. As far as cost is concerned, when you have a Cabinet meeting out of Canberra, there is some additional cost involved in that. Most of our Cabinet meetings are going to be held in Canberra. There will be some in Sydney and there will also be some held in other state capitals and I make no apology at all, and I don't think the Australian people would want me to do for the occasional Cabinet meetings in areas outside of Canberra. I think it's a good thing for the Government to get around and the small additional expense that is involved in that is totally justified in the name of keeping in touch.

Australia is more than Canberra, Sydney and Melbourne, although they are very important parts of Australia. It is also Western Australia and North Queensland and Tasmania, and it's important if you are to govern for all Australians, it's important from time to time for the people of different parts of Australia to feel that their government is being taken to them and they are not expected all the time to go to it.

Now, I am not going to overdo it but from time to time Cabinet will meet in the state capitals and it will meet a little more often in Sydney but not, you know, the half and half as has been suggested by some, and can I just take the opportunity of saying this idea that I am going to shift the seat of government to Sydney is completely exaggerated. Sydney and Canberra are very close together and you will still see an enormous amount of me as you are this morning here in Canberra, not only when Parliament sits but also when Parliament is not sitting.

KELLY:

Mr Howard, we are running out of time. Just finally, if I could go back to the question of the Lodge again. A few weeks ago you had morning tea, I understand with Mr Keating...

PRIME MINISTER:

Afternoon tea.

KELLY:

Afternoon tea with Mr Keating at the Lodge and a hand over if you like. Without going into the details of personal conversation, what advice did Mr Keating give you? Did he talk to you about key issues remaining for Australia?

PRIME MINISTER:

Look, we had a private conversation and I respect private conversations and that's appropriate but I'm not going to talk about a private conversation. It was amiable. We wished each other well. We have been vigorous political opponents for a long period of time. My criticism of what he did as Prime Minister remains undiminished but he is no longer my opponent. Kim Beasley is now my opponent - the man who has bequeathed us with an \$8 billion black hole - Beasley's black hole.

KELLY:

He had praise for you when he took over. How do you rate him?

PRIME MINISTER:

Well I think he will be a more civil opponent than the man he replaced but look, I would like to see Australian public life conducted in a vigorous but civil fashion. I certainly intend to play my part in that. I believe in Parliament. One of the first things that we have done in relation to Parliament is to do all the things we said we were going to do before the election. I'm going to be at every Question Time. We're going back to 2 o'clock Question Time. We're going to open up the rules about the televising of parliamentary exchanges. I want to have a Speaker who is as independent as possible. You will never have a completely independent Speaker in this country unless the Opposition is prepared to come half way and commit itself to not opposing the Speaker at a subsequent election. Now, obviously the Labor Party at this stage is

not going to commit itself on that. I hope it might consider it when the identity of our Speaker is known because if you can really have, establish the institution of an independent speakership, that will make a mighty contribution indeed to lifting the status of Parliament, and I want to do that because it worries me, as I am sure it does people in the Labor Party, I hope it does, that Parliament is not held in the repute that it ought to be.

KELLY:

Mr Howard, thank you.

PRIME MINISTER:

It's a pleasure.

ends