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PRIME MINISTER

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**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
THE JOHN LAWS PROGRAMME**

E&OE.....

LAWS:

Well the strategy worked didn't it. John Howard and his team got the bad news out of the way before the budget night very cleverly. So today the media is focussing on what's new and what's new is good news, that's what's new. Tax breaks for families, rebates for private health insurance, capital gains tax reduced for small businesses. All very, very, very, very, very good stuff. And as I say it's a very clever strategy, it's a very clever budget. Of course there's new bad news as well but we already knew about the cuts to tertiary education, cuts to public service, cuts to Aboriginal funding, cuts to the ABC. Some consider some of those bad, but those who'll suffer by the new bad news are the well off people so they're hardly in a position to be able to complain too much. There'll be a Medicare hike for high income earners who don't have private health insurance for people who earn over fifty grand a year. And the doubling of tax on employer funding superannuation, but only for people earning over \$85,000 a year. The tax increase actually kicks in when you're on about seventy I think. So it's clever, see what I mean. Print media has fallen into line, their editorials are mostly glowing, we'll give you a run down on those a bit later. And who mentioned the word broken promises, who said that? There are two classes of promises it seems now with this government, core promises which are kept and then those other not so important promises, the ones we really didn't mean kind of promises, surely you knew we were joking kind of promises I guess. Any way we'll talk about them, you know the ones, remember how they were going to keep the regional development programme, pretty important to the bushies, it's going to be scraped. Universities weren't going to be touched, they're the important ones to me. We'll talk to the Prime Minister in a moment or two and discuss these and more.

Prime Minister John Howard good morning and welcome.

PRIME MINISTER:

Good morning John, very nice to be with you again.

LAWS:

It's good to have you there John and I guess you're happy the way the budget has been accepted, because it's been accepted well in the main hasn't it?

PRIME MINISTER:

Yes I'm very pleased. We worked hard. We tried to get the balance right, we tried to get the economics right, we obviously tried to get the politics right, we tried to spread the burdens around, we certainly were determined to keep the core commitments we made and we have in full. The family tax package, about which we spoke during the election, I think both of us remember that interview.

LAWS:

Yes.

PRIME MINISTER:

The private health insurance rebate, the commitments to capital gains tax, the maintenance of the social security safety net, a whole raft of promises and let me just take this promises thing head on. I think on the scale of keeping promises this has been a gold medal performance. Now I acknowledge there are some areas where that hasn't occurred. I know some have been deferred, but I think when you take into account the promises which really, people really voted on in the election it's very, very difficult to find any of those that haven't been honoured in their substance or in their entirety. Now I know there was a lot of debate before the election about the state of the books. I found when we got into power that the situation was somewhat worse than I thought it might be. I did make all of those promises with the genuine intention of keeping them and not cynically and I was determined throughout the whole of the budget preparation, I kept reminding my Ministry that it was incredibly important that the promises that we made to the people and on which they voted be honoured and I think you'll find when you comb through the budget we've done very well.

LAWS:

Well you've done well. I wouldn't say that you've done very well. And what you said prior to the election was even if it meant going further into debt you intended to keep the promises.

PRIME MINISTER:

Well we are not going to achieve a surplus for a year later than we'd originally hoped to do. So in that sense I've done that. The budget will be an underlying balance in year two.

LAWS:

But you did say, the reason that I'm asking the question is that we've had quite a lot of reaction to it, in fact, I've had a number of faxes and some E-mail that's been interesting, a fellow Liberal Party Member who says he worked hard to help you win the last election. I've got the document here.

PRIME MINISTER:

Sure.

LAWS:

And he's now seeking legal advice about suing you for breach of contract, now that's pretty hot stuff.

PRIME MINISTER:

I know you have to keep the confidentiality of what he said to you but I'd be interested to know which branch member that was. I don't mean that in any sense other than that you do occasionally get people who pose as Liberal Party Branch Members who aren't. I mean, that has been known, people actually ring up and say you know I voted Labor Mr Keating but you know I'm not going to vote again because of such and such. I mean it can happen to us. Now, look, I will leave it to the Australian people over the next few days to make a judgement as to whether we've, on a scale to ten, how well we've done in keeping our promises. I mean I'd put myself between seven and eight.

LAWS:

You would?

PRIME MINISTER:

I would. Unqualifiedly. I mean, John, from the last election, I mean, what did Howard really promise people at the last election? He said he'd do something about families, he'd do something about small business, he'd keep Medicare and he would do something for the elderly. I've done all of those.

LAWS:

Well the elderly haven't fared to well in some areas.

PRIME MINISTER:

Really? I mean, they've got the self-funded retirees thing. That's been, that's what I promised them and they get the benefit of the health insurance rebate.

LAWS:

Yeah, and if they're not on pensions they'll have to buy themselves a place in a nursing home. That's going to cost you about twenty six grand.

PRIME MINISTER:

Well that happens at the moment if you have to go into a hospital.

LAWS:

Yes, we're talking about a nursing home.

PRIME MINISTER:

Yes, but in many cases you know John, you have co-located hostels and nursing homes and you have to pay something to go into a hostel.

LAWS:

But elderly people who aren't on pensions. I mean, you have done something as you said you would and you did say you'd do it to me prior to, the budget, prior to the election for self-funding retirees as did Peter Costello. But you've given with one and taken away with the other. I mean twenty six grand is a big slug.

PRIME MINISTER:

Yes but John unless we get some more capital into nursing homes they will further deteriorate, many of them are now dilapidated, and the only way of getting capital into nursing homes is to allow the charging of entry fees as now occurs with hostels. You can quite literally have a situation where a hostel and a nursing home can be on the same site. You can go into a hostel, you may need to go into the nursing home and you get a refund of the entry fee you've paid to the hostel even though you're then going into the nursing home. Now the economics of that are unsustainable and this is something that will apply in the future, it obviously doesn't apply to people who are already there. There will, of course, be allowance made in the operation of the system for people who have no

resources at all. So it won't be applied without regard to people's capacity to pay. It is an additional impost ...

LAWS:

That's it.

PRIME MINISTER:

...I accept that. I don't deny that. It's an impost that we think makes very good policy sense and no government can ever be in a situation of being required never to change anything. I mean, I don't recall being asked about that in the campaign. I don't recall any commitments being made in relation ...

LAWS:

No well you and I discussed that but we didn't discuss that issue. But the \$26,000 is a pretty big slug and it will be the sons and the daughters who are going to suffer. It's not going to be the elderly people themselves.

PRIME MINISTER:

Well it means it will come out of, you know, in reality it's something off their ultimate inheritance, of course it is.

LAWS:

Well if there is an inheritance.

PRIME MINISTER:

In some cases there won't but in many cases there will be.

LAWS:

But if there isn't and in many cases there won't be that means...John let me finish. That means that the younger people, the sons and daughters are going to have to come up with the \$26,000.

PRIME MINISTER:

Well it depends, there will be provision in this for people in really necessitous circumstances.

LAWS:

I've heard you came up with the \$26,000 figures based on a \$2,000 fee for 13 years. But the harsh reality of this is, one in three people entering nursing homes last one month, the majority only last twelve months. So \$26,000 is a bit steep if you're basing it on \$2,000 fees...

PRIME MINISTER:

It is the equivalent, the figure was related to the figure that is charged in relation to hostel.

LAWS:

Okay, well if it's \$2,000 a year that's calculated on a 13 year stay in a nursing home and yet a lot last one month and the majority only last twelve months. Sad though it may be, fact.

PRIME MINISTER:

Well John the economics of this are important as well as the compassion side of it. And what we are doing with nursing homes is no different, no harsher, no less fair, no less reasonable than what we are doing in relation to hostels. And I say again that there's something strange about somebody going into a hostel, you know, they're distant hope believes that if they have to go into a nursing home well they can just go from the hostel to the nursing home which is often next door. You make an entry contribution to the hostel, but it can't be used in any way in relation to your nursing home bed. And that really means that a lot of money that would otherwise go into nursing homes to make them better and to make them more comfortable and to make them more congenial won't and I think you will find that many of the people on the welfare side of the provision of nursing homes, that run them, will see this as, while something that nobody wants, a sensible policy and quite defensible and reasonable.

LAWS:

Oh I'm sure that those running the nursing home would be delighted with it.

PRIME MINISTER:

John it's not just from a point of view of their own business situation, but many nursing homes now are quite run down. And they are really quite run down and it is necessary to get some more capital into them.

LAWS:

But as I say I can understand the nursing home people being delighted given the fact that I gave you that the \$26,000 estimated on \$2,000 a year, that's a 13 year stay in a nursing home which won't happen. So the nursing homes are going to do ...

PRIME MINISTER:

But many have a non-profit. I think the point I was really trying to make John is that many of the people who run nursing homes not for profit will also find this a sensible policy change.

LAWS:

Do you think Australians accept your distinction between so called core promises and those that you have now felt free to, how many promises have you broken?

PRIME MINISTER:

On the totality, not a lot.

LAWS:

But how many?

PRIME MINISTER:

Look John, I haven't sat down and done a tabulation of that but I can tell you...

LAWS:

Isn't it important enough to have a tabulation?

PRIME MINISTER:

No I think what is important is to ask yourself what did the public vote for at the last election? The public voted for a family tax package, the public voted for private health insurance rebates, the public voted for a maintenance of the Medicare safety net. The public voted for relief for small business. The public voted for all of those things. The public voted for relief for self-funded retirees and I've delivered on all those things. The public also voted in a Government in the hope that it would do the right thing by the overall health of the economy. And one of the things we, I mean, Peter Costello made this point at the weekend that one of the great promises we made was to get the economy right. John this budget has really put the national accounts in very good shape...

LAWS:

Oh yeah, you get no argument from me with that, or with the people.

PRIME MINISTER:

And that's what the people voted for, it's part of the assessment that people will make. This question of this or that type of promise, this question of the aggregate view people take in relation to the keeping of commitments. I will leave that to the Australian people to judge, they will remember what I spoke to them about during the election campaign.

LAWS:

Many who have been hurt, or believe they've been hurt. You see, I think that everything that's been done in the budget is terrific without exception. I think that it all make a whole lot of sense. I worry about that \$26,000 thing because that's going to hurt the children of elderly people and that bothers me. But the rest of it you get total support from me.

PRIME MINISTER:

Can I just say not all children of elderly people are unable to make a contribution towards the welfare of their parents.

LAWS:

Oh no, certainly not. But \$26,000 is a fair amount...

PRIME MINISTER:

Can I just quietly say, I mean, you're talking about the care of your mother or father who's spent their life looking after you and caring for you when you need it. I think we've got to keep a sense of balance, because if it doesn't come from there it's got to come out of the budget and that means higher taxes or fewer benefits.

LAWS:

But it is an impost that wasn't there before.

PRIME MINISTER:

John I'm not denying that. I'm not denying that. I mean, it's not an impost that we had in the back of our pocket. It was a proposal for change which came up during the course of the budget preparations. It was not mentioned in the election campaign because it was not in contemplation, but it's not something we said we wouldn't do, it is just something that

never came up. During the course of the budget preparation it was one of the options for policy improvement and expenditure saving.

LAWS:

Okay let's move along because otherwise we'll be stuck on the one subject. There was another appalling riot in Canberra yesterday, I'm sure you agree. I thought that the behaviour of some of the Aboriginal people there was absolutely abysmal. Young men deliberately standing in sparring position poking jabs at police. The whole thing was very ugly and it did have, sadly, a sense of de ja vu about it. Now all this came about because of their cuts to aboriginal funding again. The majority of Australians would agree exactly with what you're doing. I think you're trimming a bit under a hundred million a year from them. But I discovered recently that ATSIC actually underspent its budget over the last three years by something like \$61 million. So really they're only losing about \$30 million aren't they?

PRIME MINISTER:

That's right.

LAWS:

And they're keeping billions?

PRIME MINISTER:

Yes, we're talking here over a four year period. Can I say this figure of \$400 million that's been flung around is a four yearly figure. It's roughly \$100 million a year. So if you're going to say \$4 million you've got to say \$4 million out of over \$4 billion and that will put it in perspective and you can't on that basis say that we have decimated Aboriginal funding or that it's racist...

LAWS:

Well particularly as they're underspending about \$61 million.

PRIME MINISTER:

Well the underspend I am told has averaged about \$61 million over the last three years. Now that may not be underspent in the next few years, I hope it's not because the reductions that we're making which are largely in what I might loosely call the political and cultural activities of ATSIC. We are actually going to spend more money next year on health and education and housing for Aborigines. Can I say that again, we're going to spend *more* money on health and housing and education for Aboriginal people.

LAWS:

You don't have to say it too much because I said it for you yesterday. And it's true.

PRIME MINISTER:

Well I mean, they do have to be said again because the nonsense that is being talked about Aboriginal Affairs by our opponents, by some people leading the Aboriginal community, not by all of them, and by our political opponents has really got to be nailed. I mean, I am not against the process of reconciliation. We are not into asking the Aboriginal community to carry a disproportionate burden, but given the job we've got and given the hundreds of millions that have gone into this area over the last few years and the feeling in the community, not all it has given us a big dividend in terms of improved health and educational achievements. These sort of cuts are defensible, they are fair, they do not decimate Aboriginal funding, they do not represent some kind of financial genocide as one person alleged and I think the whole debate should just simmer down and people should look at it in perspective. We are about building one nation.

LAWS:

What do you do then when you see incidents like we saw yesterday for that performance outside Old Parliament House with the burning of the Australian flag. I mean, how can we expect to have unity if there are people within our community who want to burn our own flag. And it is *our* flag and that's indigenous peoples flag as well as the rest of Australia's flag?

PRIME MINISTER:

Well I could say two things, and I'll repeat what I said on Monday that this Government will never ever change a policy because of violence or demonstrations or threats of them. Any body who thinks that we're going to crumble and change in attitude because of a display of physical violence has got another thing coming. That is utterly un-Australia I want to believe, I do believe, that the behaviour of those people is rejected by the great bulk of Aboriginal people and Torres Strait Islanders in this country.

LAWS:

Do you think they were incited?

PRIME MINISTER:

Oh look, I find it very hard to believe that demonstrations like yesterday and Monday weren't in some way premeditated.

LAWS:

Well apparently the federal police do.

PRIME MINISTER:

We are invited to believe by Jennie George and Bill Kelty that there were really two demonstrations on Monday.

LAWS:

One - a hundred and fifty meters from another.

PRIME MINISTER:

Exactly and the fact that they were, many of the demonstrators were wearing CFMEU - that's a big union - t-shirts and caps, that was purely coincidental, purely coincidental and the fact that some of the people there sort of came from the first demonstration - that's purely coincidental, and when I met Jennie George and Bill Kelty they, in an unbelievably disingenuous performance, they tried to pretend to me that they really didn't know very much about what had happened.

LAWS:

Bill Kelty even suggested that that performance on Monday was something that Australia should have been proud of because it was the biggest demonstration in the history of Australia and Canberra. I mean, it was hardly the sort of thing of which Australians would feel proud or should feel proud.

PRIME MINISTER:

Now, I know that there are many trade unionists who are disgusted about what happened on Monday and I am prepared to accept that the rank and file of decent trade unionists in Australia no more believe in political violence than you or I do. I know that and I'm prepared to accept that there are a lot of people in the Australian Labor Party who would be upset. I know there are. But when you organise a demonstration like that, you have to accept some of the responsibility for what happens.

LAWS:

Especially when you crank them up with inflammatory comments.

PRIME MINISTER:

Particularly when, and I don't think, I'm not normally critical of him over things like this but when Kim Beazley got up and said that this government 1) hates workers 2) hates students 3) hates women in the workforce and 4) hates Aborigines - now they were his words - hate.

LAWS:

Pretty inflammatory.

PRIME MINISTER:

Very inflammatory. It demeans a man, and although he's my political opponent for whom I have respect, I mean, I don't hate, I don't think I've ever accused my political opponents in quite such stark terms as that sort of thing. I mean of course we differ on policy but we have an obligation in the language we use. I mean I am careful in what I say. I get attacked by my political opponents if I use what they regard as politically incorrect words, but I must say I will go on using, some politically incorrect words because I believe the intimidation of political correctness into our language has been absolutely appalling and one of the things my government is trying to do is to change that because I think we're again being able to talk to each other in terms that we can all understand and not in some of this politically sanitised gobbledegook.

LAWS:

That's exactly what it is - well good on you. Don't be politically correct and you'll remain popular. Now listen the Budget will see, somebody has to pay. And I mean, what you've done is terrific and to get all that money in that period of time, somebody's got to suffer. It's going to see tens of thousands of public servants out of work isn't it?

PRIME MINISTER:

There will be fewer people in the public sector, but remember that large numbers of those people will get jobs elsewhere and also can I make the point that public servants and I'm not begrudging it to them, let me make that clear. They do have better redundancy arrangements than people in the private sector. They really do.

LAWS:

Oh they certainly do. Why do they?

PRIME MINISTER:

They're arrangements that have been negotiated over the years between Governments and public sector unions.

LAWS:

Why don't you change those?

PRIME MINISTER:

Well, some of them I think are fair and reasonable.

LAWS:

Why should people in Government have privileges that people who aren't in Government don't have?

PRIME MINISTER:

Well, there are arguments for and against. The traditional argument used to be that they in the main were not paid as well.

LAWS:

Oh...!

PRIME MINISTER:

No no. In some cases. I mean it is true that the top levels of the public service, I mean, the head of the Treasury or the head of the Prime Minister's department and they have very responsible managerial positions and very influential positions, they are not paid anywhere near as well, they would only be paid a fraction of what the managing directors of large corporations would be paid, so it is fair to say that in some areas there's an unfavourable comparison. I think if you get further down the pay scale the proportions alter. People sort of in the middle or below the middle in the public service I think are probably better looked after than people in the private sector. So it does sort of vary. But the point I'm making is that yes there will be public service retrenchments but many of those people will be picked up in the private sector, but there have been retrenchments going on in the private sector for years. I mean...

LAWS:

There have, there have been. But will there be alterations made to the redundancy arrangements of public servants?

PRIME MINISTER:

I don't have any specific changes in mind at the present. As part of the workplace bargaining process..

LAWS:

But that doesn't mean there won't be changes.

PRIME MINISTER:

Well, when you have a workplace bargaining system, a public service manager might say to his workforce, look if you are prepared to get rid of this stupid practice I'm prepared to increase your salary and the workers themselves may agree to take a higher rate of pay in return for a lesser redundancy provision. I mean that would be a matter for them to negotiate. So, I can't say for all time that all of those arrangements are going to remain but I equally want to say very directly to public servants that we don't have in mind any blanket proposals for change in that area.

LAWS:

So in other words if there are any changes to the redundancy arrangements of public servants, those changes will not be instigated by your Government?

PRIME MINISTER:

Well they could be instigated as a result of negotiations between managers and unions but we don't as a matter of policy have any specific changes at present in mind. And can I just correct something that ...

LAWS:

You said?

PRIME MINISTER:

I said. I think actually you said on this occasion.

LAWS:

Nobody passed me a note.

PRIME MINISTER:

That the entry contribution, it's an average of \$26 000 a person. 40% of residents are unlikely to pay any entry contribution and the entry contribution is drawn down at a rate of 2600 a year and this is important to your point about the one year and the one month and the balance is repaid to the person or their family when the resident leaves the nursing home.

LAWS:

That is important, thank you for that.

PRIME MINISTER:

That is a very very important thing. So this idea that you get a bonanza ... if sadly the resident dies within a month of going there, that's just not correct.

LAWS:

So in other words it is really not an upfront fee?

PRIME MINISTER:

Well it is a deposit, it is an entry fee and then it is drawn down at a certain rate per year. I think it is pretty fair.

LAWS:

But out of interest what's going to happen to the \$26 000? Is that going to be in some kind of trust?

PRIME MINISTER:

That's going to be held by the nursing home in some kind of...

LAWS:

What guarantee have you got you'll get it back?

PRIME MINISTER:

Well, you will get it back. You've got my guarantee you'll get it back.

LAWS:

Okay. I said a moment ago that I don't believe that people in politics, people in Government should have any benefits that aren't available to the general public, particularly in the areas of superannuation. Did all that come as a shock to you?

PRIME MINISTER:

No. You're talking about the parliamentary superannuation.

LAWS:

The extraordinary amount people are taking out after putting in very little by comparison.

PRIME MINISTER:

Can I just make one point before I launch directly on to that. The increased contributions tax for high income earners announced last night, that of course will apply to members of Parliament, I want to make that clear.

LAWS:

Yes but they still will have that extraordinarily high return.

PRIME MINISTER:

Look I have never denied that that particular scheme is generous. I've never denied that. I would say, to put it into perspective that over the years, one of the reasons that it has risen in generosity is that particularly for Ministers and people in very senior positions in politics their remuneration has not really kept pace with the sort of pay that is received by corporate executives. I mean, leave me out of it, but the Treasurer of Australia gets paid less than \$200 000 a year.

LAWS:

Yes but I don't understand why the analogy should be drawn between the private sector and the Government. I mean, you people are in Government by choice, as people are in the private sector by choice. You've made a...

PRIME MINISTER:

Of course we do, of course we are. I'm just asking you to if you are looking at the aggregate remuneration of people in politics and the aggregate remuneration of people in the private sector. I just want you to take the whole lot into account.

LAWS:

Yes, well, I do that, but I don't think it warrants comparison, nor do I think that people...

PRIME MINISTER:

Oh you don't.

LAWS:

No I don't because...

PRIME MINISTER:

But I thought you were drawing a comparison, I misunderstood your question.

LAWS:

No no I'm not trying...

PRIME MINISTER:

I thought you were saying that people in the public sector shouldn't get things that people in the private sector get.

LAWS:

And that's what I said in relation to anything but in particular in this instance to superannuation?

PRIME MINISTER:

So you think it's fair to make a comparison?

LAWS:

I can't put \$110,000 into a super fund and walk away with 1.2 or 1.7 million.

PRIME MINISTER:

No, but you or somebody in a equivalent position in the private sector can earn immeasurably more without attracting any public opprobrium or criticism than a senior politician.

LAWS:

But that's right, but I made a conscious decision...

PRIME MINISTER:

I mean... John look, I don't object to it.

LAWS:

No, I know you don't.

PRIME MINISTER:

I believe in people of high skill and ability being properly remunerated and providing they pay their fair share of tax, good luck to them, God bless them. I believe in that kind of society. The last thing I want to build is a sense of envy about people who succeed in this country as one of the curses that sometimes deflects this country.

LAWS:

It sure does.

PRIME MINISTER:

You need achievers. You need people who are successful and providing a; they pay their fair share of tax and b; they have a sense of, sort of, philanthropy and are willing to help - and many of our high income earners are very much in that gravity - I think they make an enormous contribution. So I'll be the last person to bucket them.

LAWS:

I know you're not bucketing them. But the point I'm making is that I think it's unreasonable that people who are in Parliament are able to receive that sort of reward at the end of a parliamentary stint for that sort of investment when it's not available to people in the private sector. And I don't think that people in government should have privileges that people in the private sector don't have.

HOWARD:

I have to say in defence of the members of Parliament, because of the fishbowl existence that politics is, it is just in practice, impossible for people carrying the same responsibilities, the same obligations, the same duties and having the same high level of skill in politics to ever receive the same level of remuneration in those positions that people in the private sector receive.

LAWS:

That's quite true, but...

HOWARD:

And there is no way in the world that the Treasurer of this country could ever be paid a salary remotely resembling the salary that will be paid to the Chief Executive of the Westpac Banking Corporation or the chief executive of the major companies in Australia. Now, I'm not saying the Treasurer should be. I mean, as far as I'm concerned, once you get to a certain level of income...you know, you've got an adequate living and you can look after your family...I'm not a particularly materialistic person, but I do think when you're looking at things like super, which I acknowledge as very generous, I think you have to bear in mind the fact that when you're comparing like with like to say that so the Treasurer of Australia doesn't carry the same, indeed he carried more responsibility than the chief executive's of the major corporations. Yet in remuneration terms he's not within a bulls roar and never will be.

LAWS:

But nobody is saying that. Nobody is saying that he doesn't have that sort of responsibility, as you say, he has more.

HOWARD:

No, I'm just making the observation.

LAWS:

But did you ever consider that some of the chief executives in the industry in Australia are over paid?

HOWARD:

Well, that might be right and they lose their jobs some of them. But equally we can lose our jobs too and that's fair enough, it's part and parcel...because some of them are. Even if you got rid of the ones that were over paid and even if you reduced some of the more excessive salaries they'd still be a country mile in front of the Federal Treasurer. I'm not trying to breed any envy about them. I mean, I think we've got some very good managing directors. As I say, I'm not an envy man, I'm the last person...

LAWS:

I accept that. I know that. You've allowed farmers to keep their diesel fuel rebate. Was that a difficult decision to make?

HOWARD:

In the end no. It was one of those things that was put on the list by the Department of Finance, which was its job. But the diesel fuel rebate is not a handout. It is an exemption from a tax which is a tax on road usage. And a great bulk of the diesel used by farmers is used for off-road usage and it would have hurt the rural sector...

LAWS:

The mining industry gets to keep the diesel fuel rebate too?

HOWARD:

Yes. There's some strengthening, some tightening of eligibility and there's a general crackdown on misuse in both sectors and we expect that with the tightening of eligibility in mining and the crackdown in abuse across the board, that will save \$60 million in the first year and \$120 million in the second. I think it was the right decision. It did involve a lot of discussion with the industry and I'm always happy to do that. I think it's always good policy making to sit down and discuss a problem with an industry. The mining and rural sectors are the massive contributors to the export earnings of this country.

LAWS:

What about the outback tourist operators?

HOWARD:

What do you mean?

LAWS:

Do they have the availability of the diesel fuel rebate?

HOWARD:

I don't think they do. I've never really thought about it.

LAWS:

I think they'd like you to.

HOWARD:

Yeah, I'm sure. But they get something out of this budget. I mean they get included in the export market development grant system for the first time, so they'll be very happy with this budget.

LAWS:

I think they'd be happier if they had their diesel fuel rebate because after all they are using a copious quantity of diesel fuel and they are using it in the outback and they are using it to promote tourism in Australia. Even though it's a private enterprise, so's mining, if you're giving it to the miners shouldn't you give it to the tourist operators?

HOWARD:

I must say, in all the time I've been working on this budget that is not something I've focussed on. So in your inevitable style Mr Laws, you've given a ball that I have to let go through outside the off-stump and not slick, you know, flash at.

LAWS:

Can you get the Wally Grant of the Government to ring me later after he's cornered and tell me?

HOWARD:

I'll have a bit of trouble finding Wally, but he's gone to another world. But I'll try Ian Healy.

LAWS:

From what I hear you've inherited your own Wally haven't you, in the form of this Mal Colston. What do you know about Mal Colston?

HOWARD:

Well, not a lot. Although I think he was the Senator who replaced Albert Patrick Field. That has a...

LAWS:

Familiar...

PRIME MINISTER:

An ironic, has a certain perverse symmetry about it I suppose.

LAWS:

Well, it probably has some enjoyable irony about it.

PRIME MINISTER:

Yes well, we were not unhappy that he decided to resign from the Australian Labor Party.

LAWS:

Has he talked to you?

PRIME MINISTER:

No, I haven't spoken to him. I'm sure he's talked to some of my colleagues in the Senate. But he put out a statement announcing his resignation in which he said that he accepted that the Government had an electoral mandate to implement certain things. Now, I thought that was very encouraging.

LAWS:

I think it's very encouraging. It won't be very encouraging to Cheryl Kernot though.

PRIME MINISTER:

Well, maybe not. I don't know. It depends how the Democrats vote on certain things. The Democrats have continued to indicate to me that they are broadly in support of the industrial relations legislation and I hope that proves to be the case because that is still the big one as far as I'm concerned.

LAWS:

Well, if you've got the Democrats and you got Mal Colston you don't have to worry about ...

PRIME MINISTER:

Well, I don't know what Senator Colston's views would be on industrial relations. Senator Colston's still said that he will be guided by his life long Labor principles as well as a respect for our mandate and also a concern for Queensland. Now, how that all marries up

when it comes to the IR legislation I don't know, but I'm not talking about IR, perhaps I will, I haven't yet, but...

LAWS:

Gareth Evans reckons you bribed him.

PRIME MINISTER:

Bribed him? Oh break it down. Bribed him?

LAWS:

Yes.

PRIME MINISTER:

Well Gareth Evans is the fellow you know, in 1990 there was a... we allowed the Labor Party Senate President to be elected unopposed and then they were going to elect our nominee for the Deputy Presidency and right at the last minute they decided, they did a deal with the Democrats and they installed, guess who? Senator Colston as the Deputy President. So I don't think Gareth can start giving any moral lectures about this. I mean let's face it...

LAWS:

So you haven't done a deal with Senator Colston?

PRIME MINISTER:

Look Senator Colston received our support. He's indicated publicly a disposition about things for which he believes he's got a mandate. As to how he reacts on particular things we'll just have to wait and see. But I am encouraged by the fact that he has said he believes that Governments have a mandate for certain things that they talked about in the election campaign and that obviously includes Telstra and I hope he also sees it including industrial relations. Now, he said that publicly and there's you know I think a clear hope on our part that he will give some effect to that, but that's a matter for him. He's been elected Deputy President....

LAWS:

And not bribed ...

PRIME MINISTER:

No definitely not..

LAWS:

And won't wind up with a plum job in London. Oh that's Alexander's isn't it?

PRIME MINISTER:

John you are being he is doing an excellent job as Foreign Minister.

LAWS:

Okay, well I hope it all goes very well, because it's very important to Australia that it does go well. Where do you expect that you are going to have problems - apart from IR, and there shouldn't be a problem there and I don't think... you ought to sit down with Jennie George and have a yarn to her because I talked to her yesterday. I don't believe she understands it fully.

PRIME MINISTER:

No, she doesn't. And she keeps running around saying that we've broken our commitment about people not being worse off. I mean what I said and I repeat it, I'm sure I said it on your programme, that if a person goes from an award to workplace agreement, the take-home pay under the workplace agreement must be not less than the take-home pay that would have been received under the award. That was the rock solid guarantee I made ...

LAWS:

And you did make it on this programme.

PRIME MINISTER:

I did.

LAWS:

You made it prior to the last election.

PRIME MINISTER:

I did, and she has grabbed hold of that and said, what Howard has promised is that no worker will be worse off under a Howard Government. Well I hope no worker is worse

off under a Howard Government but if a person should lose their job or take a salary reduction for whatever circumstances there are beyond my control, that surely doesn't represent a breach of my commitment but what would represent a breach would be if I passed a law which allowed an employer to force somebody on a workplace agreement to take less than what that person would have received if that person had stayed under his award and that won't be allowed.

LAWS:

Yes well...

PRIME MINISTER:

She can't seem to, I don't think she wants to accept it because it suits their political purposes to vilify this legislation. This legislation is hated by Jennie George because for the first time in Australia's almost one hundred year history, it will give people a genuine choice as to whether they want a union or don't want a union.

LAWS:

Well, you can understand that, not liking that about it, that's human nature.

PRIME MINISTER:

But that is what it is all about...

LAWS:

I understand that but it is a pity that she doesn't have a better understanding of it because when I talked to her yesterday she was very controlled, she was conciliatory even, but I think doesn't have an understanding of areas like part time work which seems to be another area in which she feels that people are going to be done. Anyway, it will certainly be watched, if it goes through, and it needs to go through because of the unfair dismissal laws which are nonsense...

PRIME MINISTER:

Oh absolutely unfair.

LAWS:

It's going to be watched very closely.

PRIME MINISTER:

Very very closely indeed.

LAWS:

Now Kim Beazley says that the Budget doesn't solve one of our biggest problems, unemployment and in fact he says it's going to make it worse.

PRIME MINISTER:

Well, Kim Beazley could help unemployment come down by passing the industrial relations law, because if you can get that unfair dismissal law through you will immediately take away from small business all around Australia a real constraint on employing new staff. And I still meet men and women in small business who say if it weren't for that unfair dismissal law I'd take a punt.

LAWS:

And I'm one of them.

PRIME MINISTER:

And why should somebody in small business take on a person with the threat that if it doesn't work out that person will take them to the cleaners if they want to let them go, and that is happening. I have seen it happen first hand, I've talked to people, I have had people who are running small businesses say look I am not going to take on any more young people, I'm not going to do a damn thing until you get rid of that stupid law. So that stupid law, or the repeal of it...

LAWS:

Will help...

PRIME MINISTER:

Will help. So Kim, please, get rid of it. I mean, still to this day I don't know whether the Labor Party is going to support a change in that. I don't think they will, but I hope if the Democrats come to the party in the Senate and I do hope they do, and I'll talk to all of the other independents again. I've spoken to the Greens, I've spoken to Senator Harradine. I'll be happy to talk to Senator Colston.

LAWS:

It must be aggravating for you to have to, when you know that Australia wants it to happen, and they do want it to happen, when you know it is important and you know it is legitimate and you know that the stupid thing was brought in the first instance because they did a deal.

PRIME MINISTER:

About which we were not told before the 1993 election.

LAWS:

Well of course not.

PRIME MINISTER:

I mean, Laurie Brereton and Paul Keating said nothing before the 1993 election about the unfair dismissal law.

LAWS:

It was a deal but I think they might go your way because the trade union movement at the moment is not much use to them is it?

PRIME MINISTER:

Well, I hope they do but I don't mind, I mean, I'm perfectly happy to talk...

LAWS:

How do you feel about having to sit down with Bob Brown for example, who got .7 of a percent of nothing and discuss with him how it would be important to the country for him to do something. I mean why is this man standing in the way of important things?

PRIME MINISTER:

I suppose that's a question he's got to answer, but John, my job is to get the Government's program through.

LAWS:

But is it annoying to have to do that?

PRIME MINISTER:

Well, if I found all the things I had to do in politics too annoying I'd get out.

LAWS:

But that's one of the more annoying things?

PRIME MINISTER:

Look I don't want to...I don't want to personalise it. We actually had an amiable discussion. Mind you, our views on most things are fairly wide apart.

LAWS:

I think it would be pretty easy to have an amiable discussion with Bob Brown if he talked about trees or sky. I mean, is this man a mental giant who can be obstructive to the introduction of bills.

PRIME MINISTER:

Well, he's got a vote.

LAWS:

Well, so have we.

PRIME MINISTER:

I know but he's got the vote where it counts at the moment. You don't get another vote for three years mate.

LAWS:

Thanks.

PRIME MINISTER:

Neither do I. It's terrible isn't it.

LAWS:

It's tough.

PRIME MINISTER:

I'm in no hurry to have an election.

LAWS:

I imagine you are not, you seem to be having a pretty good time there.

PRIME MINISTER:

I think we are handling it pretty well.

LAWS:

Well, I hope the majority of this goes smoothly. It's important it happens quickly.

PRIME MINISTER:

I think it is. If we can get this Budget through quickly that will give a big surge to confidence and people will say - right that's out of the way, they've done the job, we can now get on with doing something. We know where we stand, we know they are not going to you know do this or that, but they have done something else, we can handle that and then we can get on with our lives and people will start investing and spending again. I mean this is a real consumer confidence budget.

LAWS:

That's right and we've got to get it through in order to generate it.

PRIME MINISTER:

Exactly and the momentum has got to be maintained.

LAWS:

I'm with you. I mean there are bits and pieces in there that people aren't going to like but you've got to swallow a bit of a bitter pill.

PRIME MINISTER:

Well, you do and we've spread the pain around.

LAWS:

Fairly.

PRIME MINISTER:

And the people who've got a quid they're making a bit of contribution too, and that's only fair.

LAWS:

Absolutely, I don't think anybody would argue with that. Well, I hope that everything is well with you and your family and I thank you very much for your time John. Good to talk to you.

PRIME MINISTER:

Very nice to talk to you John.