



17 February 1997

**TRANSCRIPT OF THE PRIME MINISTER, THE HON. JOHN HOWARD
AND THE PRIME MINISTER OF NEW ZEALAND,
THE HON. JIM BOLGER
PARLIAMENT BUILDING, WELLINGTON**

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BOLGER:

Good morning. I was just advising Prime Minister John Howard that the cricket was looking reasonably well - according to my staff - as I came out of Cabinet. Can I just begin this joint press conference by welcoming Prime Minister John Howard to it, thank him for the opportunity that his visit has provided for both of us to have a range of discussions both informally and this morning more formally on a variety of issues.

There are the ones that have been identified in various commentaries and media comment but we have ranged wider than that in terms of the informal discussions we have had and the structure of the visit enabling us to spend considerably more time together, I have found immensely valuable. We have just talked through issues as Trans Tasman neighbours and Trans Tasman friends and I just want to say at this time, from our perspective, the relationship with the new Australian Government and with the policies that have an impact on Trans Tasman relationship, I don't think have ever been better. I mean, obviously there are issues we have to work through and you will want to raise some of those, but if you talk about the totality of the relationship and the common approach and the common principles that are driving various policy initiatives and policy developments in the two countries, there is a very, very broad base of commonality. So John, thank you for coming, thank you for the warm friendship you have displayed in terms of the discussions we have had. The understanding you have had for the New Zealand position on various issues. Your officials have been constructive and helpful and I might add, as well as working through issues, so thank you very much and I will just hand it over to you and then I have no doubt that the

journalists from New Zealand and Australia will one of ask one or two easier questions.

HOWARD:

Well thank you very much Jim, I would like ladies and gentlemen to echo everything that the New Zealand Prime Minister has said. I came here for a number of reasons, not least was to get an idea of the priorities of the newly established Coalition Government in New Zealand. The visit has been a very strong reminder to me of how much the two countries mean to each other and the easy informality which comes of a naturally close friendship and it's a friendship that like all close friendships, should be kept in good repair and I have seen the last couple of days as an exercise in keeping a close friendship in good repair and certainly there is no relationship between two countries which has a stronger history than the relationship between our two countries, but it is not a relationship that is steeped in the past, it is a very contemporary relationship. We have been able to compare notes on economic reform. The Liberal party of Australia and the Nationals in New Zealand have quite a lot in common philosophically and we have watched many of the changes that have been undertaken in New Zealand over the past very years, economic changes, with a great deal of interest and in some areas, quite a lot of areas, a good deal of admiration. I have especially valued the opportunity of furthering the close personal association that the New Zealand Prime Minister and I have had for a number of years. I have appreciated the fact that he was the first overseas leader to speak to me after the election last March. We met very earlier in Sydney, we have met on a number of occasions at meetings, the South Pacific Forum, the APEC meeting, and we have kept in regular contact on the telephone. I certainly would agree with the Prime Minister that the relationship has never been better. I would like to believe as I know he would, that the good and easy personal relationship that we have established, and I am sure we will maintain, has played no small part in that very happy state of affairs. Thank you.

BOLGER:

Thanks, thanks John. All right who wants to be first.

JOURNALIST:

Michael Gordon from the Australian newspaper. Did you discuss New Zealand's defence spending and did you discuss the question of the outstanding two frigates where New Zealand will exercise its options (inaudible)?

HOWARD:

Well, let me say that the issue of defence was certainly discussed - yes and I explained the very high priority that Australia places on defence. The fact that in the first budget of my Government defence expenditure was quarantined from expenditure cuts, I made it clear, as I will be at the luncheon today, that the same will obtain in the forthcoming budget. Defence in Australia will be quarantined from further cuts in the forthcoming budget. We see defence, the defence investment as being a very important element of our projection and influence in the region. We also see it as a essential concomitant of

the relationship with the United States. We place, as does New Zealand, a great deal of emphasis on the CDR and I have made very clear what the position of the Australian Government is on defence matters.

JOURNALIST:

Fleur Bitcon - Channel 9. What is that position?

HOWARD:

Well I have just explained the great importance that Australia -

JOURNALIST:

Are you saying then you have encouraged New Zealand to take ..

HOWARD:

Of look, the question of how much New Zealand spends on defence or social security or indeed anything else is a matter for New Zealand. As I said yesterday, I haven't come here to give public lectures. I don't go to any country giving public lectures.

BOLGER:

Can I just pick it up. Thank you John. We certainly have discussed the issue of defence amongst many other issues and we had a chat this morning in the meeting in the Cabinet room, where the Minister of Defence was in attendance as well. Our approach is very clear, and it is documented in part in the decision we made as a new Government to get a defence assessment produced by officials, to determine the priorities and the options that the Coalition Government has in terms of defence spending, and will make judgement calls from that. We have also in the Coalition document identified the need to maintain a professional well-equipped defence force, to meet both our close security arrangements and also the security arrangements we have in the region and sometimes on an international basis. Central to this issue, from a New Zealand perspective, is a closer defence relationship we have with Australia, we make no bones about that, that is very important to us, and we thank the Australian Governments, successive Australian Governments for the input they have made for that closer defence relationship. Now you will all want to ask have we made decisions on the frigates, so I might as well say that and deal with that in advance. The answer is no we haven't, because we don't have to make decisions on the frigates until nearly the end of this year. Clearly, in the assessment that is coming through from officials over the next few weeks, that will be there on the agenda item with many, many other items of capital expenditure that the New Zealand Government will have to address. The first of those, of course, are the replacement helicopters, we advanced that issue substantially before the election. At that stage the Australian Government had not advanced its decision making process to quite the same degree. It seems sensible and I think constitutionally correct not to enter into that final decision until the election was held and the Government was formed, and we anticipate to be in a position to make that decision, possibly by the end of next month, thereabouts. So that one will move

ahead of all the other proposals that will come forward for capital equipment and the like for the defence forces.

JOURNALIST:

Louise Dodson, Financial Review. Were you able to win any concession on New Zealand apples and also getting a commitment from Mr Howard on lowering tariffs on cars?

BOLGER:

Tariffs on cars was not an issue that we discussed, formally or informally. On the question on those sanitary arrangements, there are two issues there, of course, apples and salmon from New Zealand. Both of which are going through due process in the Australian system. The one on apples is further advanced than the one on salmon. Naturally we hope from our side that the analysis made by the officials, the appropriate officials will come out positively in terms on New Zealand's exports to Australia. But it wasn't a question of pressuring the Prime Minister on that, he was able to advise that the process is proceeding as understood by us, and they will produce a recommendation in due course.

JOURNALIST:

Linda Clark - What logic would convince you that New Zealand did indeed need two extra frigates?

BOLGER:

I wouldn't answer that in the way you put that at the moment Linda, we have got to get all the options in front of us and you say what logic would convince us on that. What we have to do is determine the overall defence investment that we have to make in capital equipment, replacement equipment, and the like, and then establish priorities for that. The first two frigates are well on track. We will have the first one -- Te Kaha - transferred or officially handed over to the New Zealand Navy in the next few weeks, that is not that far away and we will just progressively work our way forward from that. When the last Labor Government in 1989 when did they do it, 1989, signed the agreement with the then Australian Government on the purchase of frigates, under a joint arrangement, it was on the basis that we would review the circumstances in New Zealand by the end of this year, and make a decision on the next stage, and that it exactly would, we would do.

JOURNALIST:

David Barber, National Business Review. Would you like to see New Zealand, back into ANZUS or do you regard New Zealand's membership as ANZUS as a now a dead letter that AUSMIN has replaced it as far as you are concerned?

HOWARD:

Well certainly, the AUSMIN association is a very effective and a very close one, but you will be aware that what Australia has endeavoured to do since the ANZUS relationship changed somewhat in the 1980s, Australia has endeavoured to on the one hand maintain a close defence and security relationship with New Zealand and also with the United States. The question of how New Zealand behaves vis a vis the United States, is a matter for New Zealand. You are aware and I think all here aware and the Australian public are aware, of the great importance my Government places on the close security relationship with the United States and we are very close to New Zealand as well. It is not for me to say to New Zealand what New Zealand should do. That is a matter for the New Zealand people and for the New Zealand Government. I have made it clear on all these defence issues, my views and that of my Government's and the importance we place on the defence investment for Australia, but I am simply not going to get into the business of public lecturing or advising another Government, that, that is not the role of a friend and close ally.

BOLGER:

Can I for the benefit of the Australian media, just say in case there is any view in your mind that New Zealand and the United States do not have any defence contracts, the Minister of Defence has just arrived back in New Zealand this weekend from discussions with the Americans in Hawaii and he tells is that he was extraordinarily well received up there as well. So while the relationship between New Zealand and the United States on defence issues changed under David Lange's Government of some years ago, I think it is proper and fair to observe that we have been successful in re-establishing much better relationships with the United States on defence and security matters now than we had in the past as evidence, as I say, by the very recent visit of the Minister of Defence to discuss issues with the United States.

JOURNALIST:

(inaudible)

Are you concerned about the Australian criticism of New Zealand stance (inaudible) of East Timor as irreversible, were you surprised by Foreign Affairs cable suggesting that position resulted by New Zealand created a foreign policy for Australia - did you discuss the issue with Mr Howard at all?

BOLGER:

John Howard and I have discussed the issue of Indonesia and East Timor, and again there is broadly comparable policies between the two countries, but I think there is the distinct that has been there for a long time. In terms of the word irreversible that seems to have excited people that was a decision taken the Minister of Foreign Affairs in New Zealand on the advice of our Foreign Ministry, that given we are talking about the internal arrangements of another country, including those arrangements were somewhat controversial in that country, was wrong for us, that was the advice given to my Foreign Minister, wrong for us to presume what was or was not irreversible in that country but in terms of the approach that New Zealand has adopted, it has not changed, and that's really where it is at, and I don't know whether it created a headache for the Australian Foreign Ministry or not, John, I don't know.

HOWARD:

Well, I haven't reached for the Panadol!

BOLGER:

No, so I don't know about that, but that was the logic behind the decision to drop that which was considered to be presumptuous as to what may or may not occur in Indonesia.

JOURNALIST:

Dennis Grant from the Seven Network. Prime Minister Howard's government has the proposal to extend the waiting time for social security benefits for New Zealanders living in Australia from the present six months to two years. What's your view on that and to what extent could you reverse his thinking?

BOLGER:

Well the relationship on benefit entitlements - Australians and New Zealanders and New Zealanders and Australians - it is conducted under agreed protocols and agreements that were brought together and we've noted the decision of the Australian Government. We've discussed it with Prime Minister Howard this morning to extend the waiting time for some defined benefits - predominantly I think the unemployment benefit - some defined, but I think that is the dominant one, for two years. What we will do now, is - the New Zealand side of the agreement, bilateral agreement we have with Australia - is to sit down and talk to the Australians as to the implications that has for the bilateral understanding. Clearly it is a significant shift by Australia, it also, if New Zealand follows that shift, we will have to look at the relationship in terms of our benefit entitlement relationships and regimes from other countries that have people come over to New Zealand. So we will now calmly work our way forward, that's been agreed to. The officials and the relevant Ministers will work their way forward from that.

JOURNALIST:

Prime Minister Howard, are you sticking to that rigid formula or were you persuaded by Mr Bolger's arguments in the reverse and ...

BOLGER:

I'll just pause you there Dennis. We didn't seek to persuade the Australian government in the reverse. We didn't say Australia you've got this all wrong, please listen to us. We noted the Australian Government's position, noted that that has implications for the bilateral arrangements that we have between the two countries and we will take it forward from there.

HOWARD:

Our position is that the law has been changed in Australia and the policy decision was taken by the Coalition before the last election. In fact this was one of our commitments in the document 'Meeting our Commitments' and the policy must, as I explained, be applied in a non-discriminatory fashion however there are extant reciprocal social service agreements with a number of countries including New Zealand and naturally Australia will honour the terms of existing social service agreements which require the giving of notice and discussions and negotiations and so forth, but the policy which has been adopted by us has to be applied for reasons I think people will understand in a non-discriminatory fashion but we are not going to do other than honour the processes laid down in agreements. We'll honour those fully and I'm quite certain the thing can be worked through in an intelligent fashion.

JOURNALIST:

Craig McMurtrie from the ABC. How was your meeting with Winston Peters and what did you talk about?

HOWARD:

Well, very good. I was very interested to meet the new deputy Prime Minister of New Zealand. What did we talk about? We talked about overwhelmingly economic issues. I was interested to learn that New Zealand is quite active in considering the introduction of work-for-the-dole schemes and we agreed that our officials and New Zealand officials should be in touch. I talked about the size of the New Zealand surplus. We talked a little bit about immigration policy and the different experiences of the two countries on that, and very briefly about the experience of Coalition. His experience has been briefer than mine and the history of the two is different, but can I say I found a very enthusiastic committed Deputy Prime Minister who spoke very warmly of what had been achieved in the time the Coalition Government had been in place here in New Zealand and I certainly if I may say so, I sensed an optimistic positive 'it's a different era but it's a new era' atmosphere in the relationship in the Cabinet room which of course included Ministers from both National and New Zealand First and certainly I found my meeting with Mr Peters interesting. I'd not met him before, I'd read a lot about him and he's a great personality in New Zealand politics. I think they will be a formidable combination.

JOURNALIST:

Were you impressed by the depth of Mr Peters' knowledge of economics?

HOWARD:

I thought he was totally... very very informed and very sensitive to the balance of economic and social policy which any successful Treasurer must be.

JOURNALIST:

Did you discuss at all access for New Zealand programme makers to the Australian market vis a vis the quota, and the shipping of nuclear waste through common waters, through the Tasman Sea?

BOLGER:

On the issue of New Zealand programmes being able to be shown on Australian TV it is my firm and committed view that Australians should see those programmes, it has been my view for some time and I've re-expressed it to John Howard.

HOWARD:

He has!

BOLGER:

And I see no reason why when we have to watch it - dare I say John some of your programmes - that you shouldn't watch some of ours. The matter on a more official basis is of course going through the court process in Australia. The New Zealand proponent 'Blue Sky' have had some success in the courts, they've had some lack of success in the courts and it is back before the courts. But I hope it can be resolved. I think there is benefit personally on here, and on a facetious basis there is benefit in the opportunities that that would provide both ways. On the question of the shipment of nuclear waste, not we haven't discussed that. It would be I think both countries expectation but given that there is an opportunity for that ship to go up outside the exclusive zones of both countries that barring some compelling reason for it do otherwise, that's what it will do.

JOURNALIST:

Have you made any progress on the Trans Tasman Aviation Agreements, is there anything to report from this meeting?

BOLGER:

This morning at the Cabinet table - and I'll invite John to make comment in a moment - at the Cabinet table we discussed this, because Transport Minister Jenny Shipley has just been over talking to her Australian counterpart John Sharp on the whole question of a further extension of 'beyond' rights to Air New Zealand, the basic message Mrs Shipley took to Australia was that there were benefits to both countries from that extension of 'beyond' rights in terms of opening up a wider range of route configurations for visitors to both our countries, not just to New Zealand, but to New Zealand and Australia and for trade opportunities in both directions as well. And the argument based on the common sense approach that to make progress here both countries have to benefit, and Mrs Shipley put material in front of Mr Sharp to suggest that both countries would benefit from some additional on rights being made available to Air New Zealand.

HOWARD:

Could I just say on that subject that I agree completely with what Jim has said about the discussion between Mrs Shipley and Mr Sharp. They are to meet again before the Australasian Transport Ministers' meeting in Cairns in May and the material that Mrs Shipley presented is to be displayed before the Australian carriers. The 'beyond' rights issue is very important in New Zealand. I've understood that from the beginning. Equally it is fair to say that it is always been seen by us as having a degree of difficulty which is greater than the original negotiations involving the single aviation market. It's something that has to be worked through and we are trying to do that in an intelligent way and in a way that benefits... respects the interests of both countries and the carriers concerned but we are certainly happy that the discussion is going on and it will be interesting to see what arises out of the meeting in May.

JOURNALIST:

Do you have a time frame for when you may be able to make a decision one way or another on that issue?

HOWARD:

Is that directed to me? No, I don't.

JOURNALIST:

Mr Bolger?

BOLGER:

Well, what we agreed as John Howard said a moment ago is that officials will continue their work over the next many weeks and that the two Ministers are scheduled to meet again some time in May.

JOURNALIST:

At lunch today you are both proposing a toast to the Queen. I just wonder at this stage in our respective countries' history whether you feel it might be more meaningful in toasting each other rather than the Queen?

HOWARD:

That would offend all the Labor voters.

BOLGER:

I don't think John I actually want to toast to ourselves but I think you were probably saying should both countries pick up a suggestion I believe Prime Minister Howard has made in recent days that in fact the toast should be to Australia rather than to the Head of State, well, that's something we haven't addressed in New Zealand yet I have to say. Interesting concept.

JOURNALIST:

Ben Fordham from 2UE. I just wanted to ask apart from making your warm relationship warmer with Mr Bolger and the New Zealand Government, what's been the greatest achievement of this trip? Is there anything out of your meetings which you can say has been a great achievement?

HOWARD:

Well, reinforcing and keeping in good repair a fundamentally close and intimate relationship is always an important thing to do and you should never take close relationships for granted. It's dangerous, both at a diplomatic level and at a personal level. So you should never do that. I've learnt a lot more about the goals and priorities and aims of the new Coalition Government in New Zealand. It is an interesting path down which New Zealand has decided to go in relation to MMP and the new Coalition arrangement - the change to a mixed system and as a student of political science as well as a fraternal political colleague in a philosophical sense it is interesting for me to see it more first hand in operation. And New Zealand's done some very significant things in the area of economic reform over the last ten years, and the opportunity at a Prime Ministerial level to talk about these things is very important.

BOLGER:

Could I just add thirty seconds to that, because I would endorse the remark that it is important that friends and close colleagues and countries that are close both in history and at the present time don't ignore each other. I think most New Zealanders would understand that Australia is New Zealand's largest export market, perhaps not all Australians understand that New Zealand is Australia's third largest export market. So there is straight commercial grounds, leaving sentiment to one side, there is very strong and compelling arguments why we should make certain that we have our thinking clear on all issues that might affect Trans Tasman relationship.

JOURNALIST:

Is it your view that Australia is running the risk of becoming increasingly diplomatically isolated over its ... opposition to legally binding greenhouse gas emission targets and have you discussed that issue at all with Mr Howard on recent days?

BOLGER:

A very short discussion I've got to say because we were running out of time in Cabinet, with my Minister for the Environment Simon Upton, but nobody suggested to me that Australia is going to be isolated out there somewhere, that certainly didn't come up. We didn't have time to develop the respective approaches of the two countries in any detail. We acknowledge that the issue was mobile in terms of the positions that were being adopted internationally. I think if you followed us through from the Rio conference when there was a very high level of participation and optimism, what I would describe it as now is down to a more realistic assessment of what the world can achieve in terms of greenhouse gases and how they might be achieved and we are talking about tradeable rights, putting that into the international debate, whether that is something that should be given considerable weight to. The Americans have developed a different concept and so on. So my interpretation of that is not that anybody is isolated in one corner. I think the world is seeking the best way forward without imposing very substantial and perhaps unenforceable costs on certain economies if we just take a very simplistic approach to this. It is a complex issue and I think that's now better understood by some of the protagonists out in the world community, than perhaps it was in the enthusiasm of the Rio conference.

HOWARD:

Could I just add to that that I don't see Australia as being isolated or in danger of being isolated. I do however see the position of the Australian government as one that promotes the Australian national interest. Australia is a net exporter of energy, a very big net exporter of energy and we are naturally seeking an understanding, we're seeking - I think the diplomatic expression is 'differentiation' - we are seeking an acceptance by countries that are not net-exporters of energy of our position and I think if you look given our status as a net-exporter of energy, you look at what Australia has achieved in terms of voluntary greenhouse targets over the past few years, we've done pretty well, but we did, as Jim said, we discussed it briefly and I think Robert Hill and Simon are going to have a discussion about it and certainly we want to keep working closely with New Zealand on the subject.

Thank you.