



PRIME MINISTER

20 March 1996

TRANSCRIPT OF THE PRIME MINISTER THE HON JOHN HOWARD AND THE RIGHT HONOURABLE JIM BOLGER INTERCONTINENTAL HOTEL - SYDNEY

E&OE.....

Well, Prime Minister, ladies and gentlemen, it is of course the most natural thing in the world that the first overseas head of Government that I could welcome as Prime Minister of Australia should be the Prime Minister of New Zealand and I'm delighted that Jim Bolger was able to come to Sydney today.

We have had, as befits two heads of Government of countries as close as New Zealand and Australia, we have had a very friendly and valuable discussion. I've taken the opportunity of reaffirming on behalf of the new Australian Government the importance of the relationship between the people of New Zealand and the people of Australia and the association between our two Governments. The relations and the bonds between the two countries are well known and do not need lengthy recapitulation.

I've also stressed the importance to the new Government of CER and it was of course an arrangement pioneered by a former Coalition Government and we discussed various features of that and our discussions also encompass our common commitment to the future of APEC and the importance of APEC as a means of bringing together the nations of the Asian Pacific region and the way in which it would have a very positive influence on the evolving nature of that region being of course the fastest growing economic area in the world.

Can I simply say that I do very warmly welcome Jim Bolger to Australia. He comes of course not only as the Prime Minister of New Zealand but he also comes as leader of a Party and his fraternal links with the Liberal Party of Australia are well known. May I take the opportunity of remarking in a very positive way on a number of features of change in New Zealand which have resulted from the policies of his Government and the policies of his party, and many of the economic changes that have occurred have been to the benefit of New Zealand and he has played a very major role as a Leader of the Government. So to me it is very fitting, very appropriate, and as I said at the beginning, the most natural thing in the

world that I could as Prime Minister of Australia, newly elected, welcome as my first overseas guest the Prime Minister of New Zealand.

BOLGER:

Thank you John, thank you for the very warm welcome that you extended to me. I was delighted to come across to Australia, to Sydney to congratulate John Howard on what was an extraordinary victory at the polls recently, an election we watched very closely because of the close rapport between New Zealand and Australia and what happened on this side of the Tasman clearly has great importance to us back home. And so my congratulations and my good wishes, as Prime Minister Howard sets out as the Prime Minister of Australia, a very experienced politician, dealing with the issues that we have in common to deal with. It's not my job and it certainly never will be to suggest what should happen in Australia but there are trans Tasman and international and multi-lateral issues where we have a common interest and as the Prime Minister has mentioned we have spent time talking about the importance of APEC, the progressive trade liberalisation that has been already commenced under APEC signalled that there would be further progress when we meet again in Manila later this year.

We talked about our poorer neighbours to the North, the small island States who do look to Australia and New Zealand as the large players in their region and that again is important in a regional sense that we work there. On the trans-Tasman of course there are a number of issues that are encapsulated in the CER agreement which John Howard correctly said was brought through on the Australian side by the former Malcolm Fraser Government that was here, finely signed I might say of course by Bob Hawke after the change of Government back at that time. But that has been very very successful and integrated the two economies and I believe there have been significant benefits on both sides of the Tasman. There are still issues that are not resolved and we talked about some of them. Some of them are very different - some like imputation credits are difficult, some like trans-Tasman aviation we can see our way ahead and certainly the Liberal Party, the Liberal Government now, campaigned on a platform that would see that brought back in a sensible fashion from our perspective.

So the discussions have been very warm. We have shared a common approach and common viewpoint on many many issues and I look forward to this being the first of a number of meetings and I have extended to Prime Minister Howard an invitation to visit New Zealand. I understand of course that at the moment he's got to get a Government up and running so that won't happen tomorrow but I would like to see John Howard on our side of the Tasman as soon as possible.

Both of us I might add avoided discussing cricket. We decided recent events were such that neither of us would spend much time on that and that we're not in Canberra we didn't discuss the Auckland Blues their defeat there last week either.

But other than that it's been a very very good meeting and both the meeting we held and then the luncheon that followed it.

Thank you. Any questions?

JOURNALIST:

Prime Minister Howard, you're meeting with a Prime Minister who is a reformist in economic governing. Did you learn anything today?

HOWARD:

You always learn meeting leaders of other countries, particularly people who've been in Government for a number of years. I've studied what's happened in the economic reform area in New Zealand very closely and there are many areas of change in New Zealand that have merit, changes that I've advocated in Australian politics over a long period of time, and I think the way in which the supply side of the New Zealand economy has been addressed and the way in which they've developed a far more flexible labour market in New Zealand, although what we propose in Australia is not a mirror image of the labour market changes in New Zealand - I should stress that. Nonetheless the goal of much greater flexibility is common to both countries and I note that New Zealand's unemployment rate is 6.1% which is close to 2.5% below what Australia's is at present and I think there are some lessons in that lower figure to be learned from comparative labour market policies. So now it is obvious to me that one of the ways to bring about lower unemployment in Australia is to have a more flexible labour market and that is why my Government attaches great importance to implementing the labour market changes that we took to the Australian people only two weeks ago and for which the Australian people voted emphatically and without qualification on the second of March.

JOURNALIST:

Mr Bolger what's your advice for Mr Howard to reduce youth unemployment and the ...(inaudible).. trade deficit?

BOLGER:

It's not my job and I don't see it as my responsibility to advise John Howard on how he should lead the Australian Government. I think he's already indicated to you his interests in what we have done in New Zealand. We've had reduced lower unemployment in New Zealand and I imagine as he's already signalled a moment ago that some of the policies that we've put in place are interesting but I wouldn't expect any Government or any country to just sit to mirror-image somebody else. I wouldn't expect him to ...(inaudible)... What we do in New Zealand I'm happy to talk about. We certainly liberalised the labour law; we certainly looked at how we could improve the efficiencies of the services that Government provides as well. The objective was to produce a more efficient New Zealand industrial pace, higher levels of productivity, faster growth, more jobs - a relatively straightforward equation - it's easy to talk about, there's a few pains on the way through but I think if you look at what has happened in terms of job creation in New Zealand since we introduced the Employment Contract Act in New Zealand, you have a very powerful argument in favour of more liberal industrial and labour laws. And one of the concerns I have, as I digress, but I know there's a number of New Zealand journalists here is that we have in New Zealand a number of political parties on the left who want to revert to the policies of the past which quite frankly left us with very high levels of unemployment. I think that would be quite disastrous in New

Zealand and I hope they will give that return to the past, I think it is totally counter-productive in terms of what we want to achieve.

JOURNALIST:

Mr Howard, the open skies agreement that was flattened by Labor back in November '94?

HOWARD:

Well, our policy, Murray Olds, is it? The policy that we took to the last election was a policy of putting that back into negotiation. There is obviously a commitment in that policy that first on the Australian side there should be consultation by the new Government with Australian stakeholders in the Aviation industry and that will take place and Jim Bolger and I have agreed that our transport ministers should commence speaking about the issue. There are obviously some interests on both sides, domestic interests that have to be looked to by the respective Governments but we had a commitment in the policy to put the matter back into negotiation and that was discussed today and the way to advance that is that the transport ministers of Australia and New Zealand to get together on the issue.

JOURNALIST:

What sort of time frame Mr Howard?

HOWARD:

I'm not putting a time frame on it beyond to say that I'll ask John Sharp to get in touch, I think he's already spoken by telephone to his New Zealand counterpart and I'm sure that they'll get about discussing it as expeditiously as possible.

JOURNALIST:

... any assurances of prior consultation by your Government before taking decisions on matters of mutual interest which was not the case as you'll know with the Keating Government and the aviation policy?

BOLGER:

I don't anticipate any....

HOWARD:

I don't, can I just say that although no such assurance was sought, and therefore none was given, let me say that the nature of the relationship will be an extremely courteous and friendly one. And one can assume that those sorts of things won't occur.

JOURNALIST:

Does that mean also that the Australian Government will take CER more seriously? There was a feeling in New Zealand during the term of the last administration that perhaps the CER was more important to New Zealand than it was to Australia.

HOWARD:

Well I think it is fair for me to say on behalf of the Australian Government that we take CER seriously. We always have on our side of politics, that doesn't mean to say that we are going to agree with New Zealand on everything and nor would we expect New Zealand to agree with us on everything. We made a political commitment to CER a long time ago and I suppose it is fair to say that people put different interpretations on the attitude of the form of Government, I don't know that I want to go into detail about that myself today. Let me just say on behalf of the new Government that we do treat CER seriously and we will endeavour to advance it recognising that there will be some issues where there are Australian interests to which paramountcy should be given and equally my accepting that there will be New Zealand interest to which paramountcy should be given by the New Zealand Government. But I approach it optimistically and positively.

JOURNALIST:

Mr Bolger was there concern on the New Zealand that the steam had run out of the CER deal, that under Labor here in Australia that it wasn't maybe going where it could have or should have?

BOLGER:

Relitigating the past is of no consequence. What we're talking about today is tomorrow and on from here and the discussion that John Howard and I had was very constructive, very constructive and their policy was towards CER. So I would expect that we'll see more progress of some of the remaining issues under CER. But as both John Howard and I have said, some of those issues will be difficult, some will be more easily advanced but what I think is self evident if you look at the figures of the trade flow between the two countries that we are very important to each other. Australia is our largest market. We are Australia's largest market for exports. They have huge mineral exports that go elsewhere, some go to New Zealand, others to the ... (inaudible) ... South Island but in terms of the manufacture sector of Australia, which is a huge employer of Australia, New Zealand is Australia's largest client. So we have a commonality of interests to have the most dynamic duo between the two countries that we can have.

JOURNALIST:

Prime Minister did you discuss the Australia, New Zealand, United States relationship and how relevant is that?

BOLGER:

No we didn't discuss that. We discussed the broader New Zealand-Australian defence relationship but recently acknowledging that the close defence relationship between New Zealand and Australia was a positive one and we would expect that to continue. But we did not develop out into the United States.

JOURNALIST:

Prime Minister what is your view on New Zealand expenditure on defence?

HOWARD:

Well I think it's a matter for New Zealand. I'm not here to give advice on what people should spend in other countries on defence. We attach in the new Government a high priority to defence and Australian ... (inaudible) ... I'm sure many others will be aware that in the last election campaign we in a sense gave defence a more beneficial treatment of some other areas. We quarantined the Defence Department from the net effect of the running cost deductions of 2 per cent that we were applying to other departments in that we shifted the savings from those running cost deductions into additional expenditure elsewhere in the Defence portfolio to alter the teeth-to-tail ratio as the experts call it within the Australian Defence Force. There's no doubt in my mind that the operations we've had with the ADF has been effective over the past few years and I would like to see that change and therefore we didn't propose any net reductions in the Defence Budget. Defence expenditure in Australia has fallen to a very low level and we argued against any composition that it should fall further and I would have to say that we do live in a still quite uncertain part of the world and as the Australian Prime Minister I state that as a few of the Government and I make it clear that it has to be an appropriate defence emphasis and the consequence of that sector.

JOURNALIST:

Mr Howard is it a good example of the mean and less arrogant Government the Defence Minister that you summoned in the Black Hawk helicopter for display.

HOWARD:

Well I think that was dealt with in context by a spokesman on behalf of the Defence Force this morning. I don't want to add to that.

JOURNALIST:

Mr Howard have you spoken to Mr McLachlan ... (inaudible) ...?

HOWARD:

No I haven't.

JOURNALIST:

Did you discuss the option that New Zealand has by ... (inaudible) ...?

HOWARD:

No we didn't and that didn't come up in our discussion.

JOURNALIST:

Mr Howard ... (inaudible) ...

HOWARD:

I beg your pardon.

JOURNALIST:

Mr Bolger did you discuss your view on the ... (inaudible) ...

BOLGER:

... (inaudible) ... Well we had a brief chat over lunch - really while we were having a cup of coffee. Just comparing notes on both sides of the Tasman. But it wasn't a very deep or in-depth discussion.

JOURNALIST:

It sounds like probably you have slightly different views on?

BOLGER:

That's fine.

HOWARD:

But if I could borrow a phrase I think each of us is relaxed and comfortable about the others views.

BOLGER:

Yes absolutely.

JOURNALIST:

Mr Howard Mr Bolger plans an election later this year do you have any tips for him on how to achieve a quarter size big majority?

BOLGER & HOWARD:

We're working on it. We're working on it.

HOWARD:

We'll sort of exchange some private notes on that. But I think it would be very presumptuous of a new bloke on the block in the Prime Ministerial suburbs giving advice to somebody who's won a couple of elections and many of them ... (inaudible) ...

JOURNALIST:

Mr Howard over the years the relationship between New Zealand and Australians have never been described as very close. This is the ... (inaudible) ... giving today ... (inaudible)?

HOWARD:

Well I've known him for a while. We first met in 1984 when he was the Deputy Leader of, or was it '85, the National Party Opposition ...

BOLGER:

'85.

HOWARD:

... and he came to a Liberal Party Convention here in Sydney and on a number of occasions since I've always admired his direct manner of dealing with political issues. I think we'll have a very friendly relationship. Both of us share a lot of philosophical values. Both of us lead parties that are committed to private enterprise causes, we lead political parties that place great attachment to the centrality of the family unity in our respective society and we lead the Governments of countries that have very, very deep historical ties. Now that doesn't mean to say that we won't have differences and arguments and disagreements but I think the personal will be very good and I certainly intend to do my bit to make sure it is.

JOURNALIST:

Mr Howard in the eyes of your administration is there a single most pressing issue facing Australians, the ordinary workers?

HOWARD:

I don't think there is a - when you say a single most important, pressing issue it conjures up notions of difficulty and crisis. Well obviously that doesn't exist. The important thing to do is to see the relationship as having special characteristics. I say again that it's a most natural thing that the first contact like we have with an overseas leader is that the Prime Minister of New Zealand and to build on that we have a common geographical juxtaposition to the Asia Pacific region, we have a lot of history and culture that we experience in common and we

have in common some of the economic changes of the last 10 or 20 years and in that way we can each learn from the other. So I don't single out any particular issues.

JOURNALIST:

Would you agree with that Mr Bolger?

BOLGER:

I think that's absolutely right. I think the important thing is, out of today, even though we agreed to work constructively together on those issues where we should work together and that has been amply reinforced at this conference as was more importantly reinforced when we met privately before.

JOURNALIST:

... (inaudible) ...

BOLGER:

That's necessary.

JOURNALIST:

Apart from that issue what other high priority issues did you discuss? Did you discuss ... (inaudible) ...?

HOWARD:

We discussed what sorry?

JOURNALIST:

Trans-Tasman shipping, ports?

HOWARD:

Well trans-Tasman shipping in a sense is a unilateral ...

BOLGER:

That's right that's ... (inaudible) ...

HOWARD:

I mean we are committed to ending cabotage. We look with interest on the productivity dividend that has floated New Zealand from changes in relation to the operation of the ports and wharves in that country. That is really something that has to be and ought to be and will

be accomplished on our side. It's not something that requires action in concert by the Australian and New Zealand governments.

JOURNALIST:

Mr Bolger are you ... (inaudible) ...?

BOLGER:

Well that again is the Indonesian Government's decision on nuclear power plants. I do not see nuclear power plants ever being built in New Zealand. Some would say that we are fortunate we don't have to consider that option. But I don't think we will.

JOURNALIST:

Would you sell uranium ... (inaudible) ... in Indonesia?

BOLGER:

I don't have uranium.

JOURNALIST:

Mr Howard on the economy would you comment please on today's float ... (inaudible) ...?

HOWARD:

They are the, I guess they're a little higher than the expectations but they still indicate that during the December quarter the economy is, as many people predicted, slow. There is within the figures there's ample evidence in a number of areas that there's been some slow down in investment. I think the warning out of the figures is that we have to keep an eye on wage and inflation increases. By and large they still indicated that the economy is experiencing reasonable growth but as I say the figures are, the figures indicate that we probably slowed in the December quarter perhaps the 0.5 figure is a little higher than some people expected. That's about all I can say.

JOURNALIST:

... (inaudible) ... the means of the ... (inaudible) ... less would be negative this time.

HOWARD:

I beg your pardon?

JOURNALIST:

Do you regret having predicted that it would be negative this time?

HOWARD:

I've answered that.

JOURNALIST:

... (inaudible) ... five minutes of economic sunshine.

HOWARD:

Oh look, five minutes of economic sunshine. Oh no, no, no, no. Look this is not the occasion for a long dissertation about the Australian economy but on other occasions I will be very happy to engage you on the accuracy of that observation.

Thank you.

HOWARD:

Now this is the last one.

JOURNALIST:

... (inaudible) ... to reopen the East-West Runway.

HOWARD:

I beg your pardon?

JOURNALIST:

Your Government has decided to bypass an Environmental Impact Study on the reopening of the East-West Runway. Local councils are furious. They say you've only been in over a week and your floundering in ... (inaudible) ... laws. What's your reaction to that?

HOWARD:

Well we're being absolutely faithful to our election commitments. We took advice on what had to be done. We believe that that full statement was absolutely unnecessary. Examinations are necessary and we're doing what we said we would do. So I'm sorry that people are furious that we are keeping our promises. I can only say to them that they're going to get, if that is their attitude they will get a lot more furious before they're much older because we're going to continue to implement the policies on which we were elected.

Thank you.

BOLGER:

Thank you very much.

HOWARD:

Well I didn't predict that. I reported that those people in the market ... (inaudible) ...

JOURNALIST:

Mr Bolger ... (inaudible) ...?

BOLGER:

Discuss which issue?

JOURNALIST:

... (inaudible) ...

BOLGER:

Security issues. Now security issues are discussed in the regional forum on defence. The Defence Regional Forum is where Asia Pacific security issues are discussed. I would be surprised if the APEC leaders would move to include that as an agenda item. That's for APEC to determine but they detect no suggestion that they're going to move from their sharper focus which has been on economic issues, trade liberalisation issues, which frankly are big agenda items and given that the leaders only meet once a year for two hours that's probably enough. But we can keep that moving forward. Now I'll just say that there is a link, of course, between economic success and progress and defence. I mean if you have the economies moving forward you then have more opportunities - I think you remove and reduce tension if economies are trading with each other as leaders get to know each other better because of forums like APEC - again you remove tension. And one of the interesting things to reflect on and we did touch on this is that later this year we would expect to see the leaders of the Republic of China and the Republic of Taiwan, or the independent, they come with a different name when they come there - but the Taiwanese representative and the Beijing representative to meet at APEC forgetting what's going on at the present time - that's a rather interesting content. It's a time and a place where they will meet and they take it.

JOURNALIST:

Mr Howard, just a quick question ...

HOWARD:

Yes, then we've got to go.

JOURNALIST:

... on ... (inaudible) ... Doesn't this figure demonstrate that ... (inaudible) ...?