



# PRIME MINISTER

28 May 1996

*PRIME MINISTER*  
**TRANSCRIPT OF THE LEADER OF THE OPPOSITION  
THE HON JOHN HOWARD MP  
ADDRESS TO THE NATIONAL FARMERS' FEDERATION  
HYATT HOTEL, CANBERRA**

E&OE.....

Thank you very much Mr President, ladies and gentlemen. It is a tremendous pleasure for me to be here today. It is, as your president said, only a few months ago that I addressed this same gathering in this very room as Leader of the Opposition, and a lot has happened over the last few months and I want, first of all, to say to you very frankly and very directly, that the Coalition acknowledges very strongly the importance to it having obtained Government of the support it received in rural and non-metropolitan Australia.

I personally over the years of my political career have had very close links with the National Farmers' Federation and its various constituent bodies around Australia. Of all the industry groups in Australia none has been more prominent in its consistent advocacy of long term economic reform in this country than the National Farmers' Federation. It was the National Farmers' Federation that trail-blazed the cause of financial deregulation at a time when that was not a popular blood-sport in this country. It was also the National Farmers' Federation that kept the torch blazing for tariff reform at a time when you could count on the fingers of probably both your hands - it would be an exaggeration to say only one hand - the number of people who in Federal Parliament believed in lower tariffs, and of course very dear to my own heart, of all the industry groups none was more publicly and privately faithful to the cause of labour market reform than the National Farmers' Federation. And I can remember on earlier occasions as opposition spokesman, as Leader of the Opposition, addressing the NFF, addressing the old LGPA in New South Wales on the question of a number of issues but most particularly financial deregulation. So it does represent for me the culmination of a long association to be able to form a Government knowing that a significant indeed crucial proportion of the members of that Government

represent rural and non-metropolitan seats. Many of them are marginal, I acknowledge that, that is in the nature of politics all around Australia. But more importantly within the first few weeks of that government to be able to introduce legislation giving effect to something that we together have championed and advocated over a long period of time. And I most particularly think that the legislation that was introduced by Peter Reith into the Parliament last week to give effect to our commitments on industrial relations and reform. It is no exaggeration to say that that legislation is the most important piece of economic legislation that the Parliament has seen in many years. I still believe very passionately that reforming Australia's arthritic, outdated, over-regulated, inflexible labour market will do more in the long term to secure Australia's economic competitiveness than any other single commitment and if we needed any reminding of the importance of lifting this country's competitiveness, we had it in this morning's press which uncovered the latest of an annual survey released by an international group dealing with competitiveness in Lausanne in Switzerland that records that Australia has fallen to 21st from a position of 16th in the scale of international competitiveness, that the United States and many of our trading partners in the Asia-Pacific region are right at the top of that table, and Australia is still languishing quite badly, and it's a reminder to us and it's a reminder to you, it's a reminder to all the Members of Federal Parliament that measures which are taken to boost the competitiveness of the Australian economy are still at an absolute premium and that unless something is done right across the broad front of economic reforms to arrest this country's declining international competitiveness in living standards and other terms, we are going to pay quite dearly for it.

Ladies and gentlemen, the introduction of the industrial relations legislation to me has been the policy highlight of the first two-and-a-half months of the new Government. But early on in the life of the Government I want to say a couple of things about the relationship between my Government and the National Farmers' Federation. The first is that I don't take anybody in politics for granted. You will not find from me, and I hope you will not find from any of my colleagues any assumption about automatic, knee-jerk support for our side of politics. Although the Australian bush has a long tradition of a fairly conservative political disposition which has never displeased me, nothing alters the fact that in politics you have to earn your support and politicians who take the support of particular constituencies for granted often find themselves suffering rude awakenings and I won't take the bush for granted. I won't take the support of the National Farmers' Federation for granted. I will work very hard to keep open the channels of communication. I will listen to what you have to say. I will disagree with you sometimes. You will have occasion to criticise us on other occasions but we will always conduct our relations in a very open and direct manner, and I do have an enormous personal affection for rural Australia although I grew up in the city. I have always had very strong links with farming organisations in the time that I have been in politics and I would want it to be one of the achievements of my years as Prime Minister of this country that I made a valuable contribution to strengthening the social and economic fabric of rural Australia. That won't be easy and it can only be done by the steady implementation of sensible policies having long term benefits.

The industrial relations reforms are very important. They will for the first time entrench the notion that people will have a right to form a direct relationship at an

employer-employee level without the compulsory injection into the equation of the trade union. That doesn't mean to say you can't have a trade union representing you if you want to but what it does mean that under us you don't have to have a trade union if you don't want a trade union and that is the big difference between us and the Labor Party. We are going to reform the unfair dismissal laws. We are going to get rid of the existing laws and we are going to replace them with laws that provide a fair deal all round. We are going to bring back Section 45D and E of the Trade Practices Act. Those sections should never have been abolished by the former Government and this organisation will remember how valuable they were at the height of the Mudginberri dispute in the middle 1980s. Many of you who followed the industrial relations debate will also know that they were a valuable supplement to the powers that were used by the then Queensland Government in the South East Queensland power dispute in 1985.

The reason Sections 45 D and E are loathed by sections of the trade union movement is they have provided a valuable protection for small businesses in particular at the sharp end of predatory union conduct, and that is why the trade union movement campaigned long and hard and finally persuaded the Labor Party and the Democrats to weaken those provisions with Mr Brereton's industrial relations bill in 1993.

We are implementing all of the things that we said we would do during the election campaign on industrial relations. It is not a charter to cut wages. There is no mileage in seeking to cut people's wages. There's only mileage in seeking to increase people's wages based on a greater capacity to pay through higher productivity, and that is the long term goal and objective of our legislation. The legislation will also introduce a lot more flexibility in the area of training wages and youth wages. We are not contrary to what our opponents are saying, bringing a \$3 or a \$3.50 an hour youth wage but what we are doing is to allow greater flexibility in the mix of training and actual work in the training packages that will be available for negotiation between employers and employees.

Under the present system, you can't go below 80% of a work component of a work training package, and what that results in are fewer training opportunities and training places and therefore jobs being available to young people. The notion that experience on the job is totally unconnected with the number of years that you've been in the workforce is a completely impractical and erroneous notion, and one only has to state it to understand that it lacks common sense.

Ladies and gentlemen, I regard the industrial relations changes as very important, not just to the rural community of Australia but to the future of the entire Australian economy. Another issue that we went to the election campaign loudly proclaiming was of course our proposals to introduce a major environmental package or should I more accurately say, a series of additional environmental measures including some very valuable Landcare initiatives which have been long advocated by the National Farmers' Federation, and we propose to establish a Natural Heritage Trust into which \$1 billion will be paid out of the proceeds of a sale of one third of Telstra. I can't think of any issue that was more extensively debated in the election campaign than our proposal to establish that Natural Heritage Trust and I want to make it clear to all of you today that nobody can have it both ways on the issue of that Natural Heritage Trust. If we don't sell a third of Telstra we cannot afford to fund the Natural Heritage Trust.

I hear some of the parties in the national Parliament running around saying, oh, you can fund it in another way. The answer is, you can't. We have a too big a task of fiscal consolidation. The gap between the revenue and the expenditure in the budget is too great for us to find another \$1 billion on top of the other obligations that we have and the other commitments that we wish to keep. Now that doesn't represent a downgrading of the environment. We are not, as our opponents allege, saying that the environment is less important than other things therefore we'll only fund the environment if we can get a third of Telstra sold. What we are talking about here is funding additional environmental programs over and above existing ones so the trade-off is not between the maintenance of existing environmental expenditure and the sale of one third of Telstra, but the trade-off is whether you think that additional \$1 billion, going into such things as cleaning up the river Murray-Darling, going into Landcare projects, going into tackling other problems of salinity, whether you think that is more important than an ideological obsession about 100% Government ownership of Telstra, and that is all it can be because the experience all around the world is that when you disengage public ownership of telecommunications companies, competitiveness goes up and price goes down, contrary to what is being alleged by our political opponents at the present time.

I take the opportunity of reaffirming the guarantees of the community service obligations that are contained in our Telstra legislation. Don't believe any of the scare campaigns about the guarantees for the bush being in any way compromised by our proposal to sell one third of Telstra. They won't be. The price gaps will be maintained. The community service obligations will be guaranteed. That has worked in other countries. It is now something like nine or ten years since the privatisation process of British Telecom began and despite all of the warnings the price caps have stayed. In fact, the prices have come down as a result of the privatisation of British Telecom. If you go around the world you find that that is the experience, and this idea that the maintenance of community service obligations is incompatible with the partial privatisation of Telstra is completely erroneous.

Ladies and gentlemen, I do take the opportunity of reaffirming the Government's strong commitment to the establishment of the Natural Heritage Trust of Australia but also reaffirming the link between the sale of Telstra. We simply don't have the money for that additional \$1 billion of spending unless the one third sale of Telstra is completed and we also believe there are telecommunications policy benefits in the injection of that private entrepreneurial commitment into Telstra. All of the experience around the world suggest that when you disengage the Government from 100% ownership of telecommunications companies, you get dividends by way of greater competition and greater consumer benefit, and that is what we seek to do with Telstra, what we seek to do is to use 7 of the \$8 billion to reduce debt and to use the other \$1 billion to establish the Natural Heritage Trust of Australia. It is a fiscally responsible, orthodox, conservative approach to budget management. It's an intelligent way of policy making and I think it will be a great shame for this country, for telecommunications policy and for the environment if it doesn't succeed.

Now there's been some debate about an alternative way of implementing the policy and I find this very curious notion, this sort of "he won't play dead" kind of notion

towards the implementation of our policy. I mean, how shocking, how outrageous it is that I should actually look for legal means to keep my word and that is basically what we've done. I mean, let me make it clear that I would far rather the proposal that we've put to the Federal Parliament go through than the alternative of forming a company, of selling the assets off is very difficult, very complicated and it's got a lot of hurdles. But can you blame me for examining alternative lawful orthodox means of implementing our policy and that is all that I have done and I will go on doing that and I don't make any apologies. I don't make any apologies for casting around for ways in which I can keep the commitments I made. I mean there was a group of us who were supposed to be kept honest by another group. I am desperately trying to be honest in relation to Telstra, in relation to industrial relations. I want to be an honest man on both subjects and I'm encountering a great deal of difficulty and all I am doing is casting around for the odd alternative way, and if there is an odd, alternative way which is orthodox and legal, why shouldn't I examine it.

Now as I am advised at the present time, the best way, the simplest way, the cleanest way is to do it by legislation and that's what we're doing and that is what I hope would turn out to be the result. There are a few other things I would like to tackle Mr President, and I don't want to avoid issues that I know are causing some concern, some criticism and certainly raising some questions in the rural communities, and I talk specifically of Native Title, of gun laws and the formulation of the Budget.

Can I deal first of all with the issue of Native Title. We went to the last election with a number of commitments in relation to the Native Title legislation. The first of those commitments was that we accepted the principle of Native Title legislation. We accepted the thrust of the High Court's decision in the Mabo case. We did however say that there was a need, and as a consequence of that need we have reserved the right to make amendments to the Native Title legislation to ensure its workability and not least of those concerns was the continuing ambiguity surrounding the operation of pastoral leases. As a matter of law, I have no quarrel at all and I daresay there would be nobody in this room that would have any quarrel with the preamble in the *Native Title Act* to the effect that a grant of a pastoral lease extinguishes Native Title.

The final resolution was that by the High Court of Australia is yet to occur, although in relation to pastoral leases granted without reservation it was certainly I hope and many hope to be resolved when the High Court deals with the Wik case which commences in less than two weeks, and it is hoped that a decision on that case would be available before the end of the year. I also made a commitment that in the amendments that we made we would honour the principles of the *Racial Discrimination Act*. I don't mind saying to you as I said when I addressed a luncheon put on by the Council for Aboriginal Reconciliation yesterday that this is a difficult issue. I think you have got a legitimate complaint as pastoralists about the doubts and ambiguities that surround the operation of the legislation at present.

My quarrel is not so much with the decision of the High Court in Mabo. My quarrel is the way in which that decision was taken and extended by the former government and I might remind you that the members of my party in fact voted against that legislation. We didn't vote for it, not that we disagreed with the principle of Native Title but we disagreed with many of the features of that legislation. We drew a lot of flack at the

time from a lot of organisations for doing that and I don't see any particular merit in re-traversing that debate but I wanted to make the point that the legislation in its present form is not legislation of our making.

Now many people have argued, including a number of my fellow Premiers that, Premiers of my same political persuasion, have argued that the simple solution to the problem is for us to put in our amendments a provision that the grant of a pastoral lease would extinguish Native Title. Now there are a number of problems in doing that and those problems have caused us not to include that as an option in the discussion paper that has been circulated. The first of those is the undoubted pragmatic consideration that as I presently understand the mood and the attitude of the majority parties in the Senate and the Coalition is not in the majority in the Senate, that legislation would not pass through the Senate. Now I may not like that. You may not like it. A lot of people may not like it but it's a fact of life with which I must contend and it's very easy if you don't have the political responsibility to say to somebody who does, well you ought to do something knowing full well that the something you're asking him to do he's not able to accomplish.

The judgement that we have taken at present and of course the matter continues open for discussion and comment, the judgement we've taken at present is that to attempt the legislative route would be more likely than not, as well as facing inevitable defeat in the Senate, it would be more likely than not to mobilise opposition to some of the other amendments that we believe have a far better prospect, but there's no guarantee they will, of passing through the Senate. And those other options include quite a number that have been canvassed with the NFF. They include for example the removal altogether of the right to negotiate in relation to the exploration stage of a project. They involve the introduction of far more stringent criteria and tests for the acceptance and registration of Native Title claims in the first place. They also involve processes that will bring about a consolidation of the interests making claims so that the number of frivolous and vexatious claims is thereby reduced. The constant complaint that I hear from people around Australia, particularly people in the pastoral industry, is the proliferation of claims that are vexatious, without merit and only result in unreasonably delaying or impeding the making of proper and reasonable investment decisions.

There is another difficulty, frequently not acknowledged in relation to going down the route of legislative extinguishment. It is typically believed that the legislative group, even if it were possible of passage through the Senate, the legislative route would bring about a speedier resolution of the ambiguity than the judicial route. That's not necessarily the case because it is inevitable that even if legislation to extinguish Native Title where pastoral leases had been granted was passed through the Parliament in advance of the High Court decisions, then that particular piece of legislation would be subject to constitutional challenge, and that that constitutional challenge would occupy a very considerable period of time. We have chosen to go down the path that I have tried to outline this morning, not because we in any way disagree with the goals that bodies such as the NFF have, nor am I unsympathetic to the comments that have been made by the Premiers of Queensland and Western Australia and South Australia in particular about the operation of the legislation, but we've chosen to do it because we believe pragmatically that the path we have chosen is more likely than another path to bring practical, valuable important relief to those industries that are being affected by

the ambiguities than other paths that have been urged upon us and I think it is also important to stress that the path that we have adopted is absolutely consonant with the commitment that we made during the election campaign.

Mr President, I am very conscious that the action that I urged upon State Governments and was accepted at the Police Ministers' conference regarding automatic and semi-automatic weapons has not been in some quarters the most popular initiative taken by the new Government but can I say to all of you very genuinely that it was a decision, that it was my responsibility and the responsibility of the Government to take. I do apologise - there is no other word more appropriate - but the fact that this decision will inconvenience many tens of thousands of decent law abiding Australian citizens that have never been guilty of violence, never been guilty of uncivil conduct and have never been guilty of wanting to abuse their holding of a weapon's licence or the use of a gun. And I know that numbered amongst those many tens of thousands will be many people in the rural community and in the lead-up to the meeting I had the opportunity of a number of informal discussion with leaders of the rural community about this issue and without exception the attitude taken was constructive and in the national interest. And as I have said in the Parliament I am happy to repeat today, that of all the groups in the Australian community none over the years have extinguished themselves more than the rural people of Australia in the capacity to put the national interest at all times very high in their agenda and usually ahead of their own personal interests. I'll make that preliminary comment, I repeat the assurance given that full and fair compensation will be paid. I also remind you that amongst the criteria laid down, by the Police Minister's Conference was the capacity for people on the land, in particular circumstances where a need was demonstrated to obtain a licence for a low powered semi-automatic weapon from the local licensing authorities. I assure you that the new rules will be administered sensibly. I assure you that the compensation will be full, will be fair, and proper compensation and I also assure you that the Government is very determined to maintain the commitment that I made at that Police Minister's Conference. The events at Port Arthur were an awful experience in Australia's history. They have been talked about a lot and I don't wish to dwell on them excessively this morning, except to make the observation that in 22 years of politics, no individual incident in my experience has quite touched the national soul domestically as that particular event and it would be misreading the mood and the temper of the collective Australian community if that were not to be born in mind.

Mr President, I now do inevitably speculation to the lead up to a Budget, there has been speculation about where cuts may fall in just about every area. And I say a few things about the preparation of the Budget. We have been left with a very difficult fiscal challenge. There is a very big fiscal consolidation challenge ahead of it. It is important that we reduce the budget deficit, it is important that we strive towards a achieving a budget balance. We have set ourselves the aim over a period over two years in closing the gap and on present indication that gap is in the order of \$8 billion. We made during the course of the election campaign a number of commitments and I say to you that I regard the keeping of electoral commitments as extremely important. I place the honouring of election commitments far higher on my agenda of priorities that I think may have been placed on previous Prime Ministers and the restoration of trust between elected governments and the people who vote for them is a very, very important element of rebuilding the overall confidence in the system of government in

this country. I know that a number of things are very important to the rural community. Let me say, for example, that it would be an understatement of me to say to you today that I understand very, very well the significance to the rural community of such things as the diesel fuel rebate scheme and I have been around these traps long enough to know that and to know how very significant that particular measure is to you. And that I can assure you will not be lost on me or my colleagues as we make our particular decisions. But in the long run if we can achieve our aim, if we can consolidate the accounts, if we can achieve a balanced budget in two years time, that will make a mighty contribution towards a climate for lower interest rates, it will make a mighty contribution towards building the more competitive Australia which is so tremendously to all of you. Mr President, I haven't today canvassed all of the issues which are of interest and concern and no doubt some of them will come up during Question Time. Can I finish in a sense where I began and that is the relationship between the government and the rural community of Australia. I want to take this opportunity of expressing my great admiration for and confidence in all of my colleagues but two in particular, that is the Deputy Prime Minister, Tim Fischer and the Deputy Leader of the National Party and the Minister for Primary Industries and Energy, John Anderson. And I say in just under three months we have worked together as colleagues in the new coalition Government. I couldn't have had two better colleagues, I couldn't have had two people more confidently more concerned about the interests of rural Australia, two people more determined to work through it with me and to work with the rest of my colleagues to achieve the sort of goals that we set ourselves during the election campaign. I believe that we have made a good start in the area of consultation and dialogue and I don't want us to rest on our laurels, I said at the beginning we would be an open, accessible government, we would not take you for granted, we would listen to what you have to say and I hope my attendance here today and the few words that I have had will make a contribution in reinforcing what I hope over a long period of time will be a very valuable and positive partnership between the new Liberal/National party government and the National Farmer's Federation. Thank you.

**QUESTION - (inaudible)**

**PRIME MINISTER:**

Well Mr Mackenzie can I say that I agree with you, that you have been very patient, the *Native Title Act* was passed in December 1993. It has proved, in my opinion to be singularly unsuccessful so far in its operation in achieving its objectives and in the process it created an enormous amount of uncertainty. You invite me temptingly to hypothesise about what we might do if a certain thing happens. I don't think, and for reasons I hope you will understand, I don't think it is appropriate for me to say how the Government might react if a particular result obtains from a particular court case. I have a proper regard for the respective roles of the Parliament and the courts, I'm a traditionalist when it comes to the courts concerned I think the courts have their role, I don't think its the role of the court to legislate as occasionally some members of the High Court have said, I don't agree with that, I think its the role of Parliament to legislate. But I also do believe in the rule of law and the High Court has reached a certain decision about what the common law of Australia has always been and the



maddening thing about this issue is that most people I talk to don't really disagree all that strongly with the original Mabo decision, their argument is the way it has been legislatively perverted and I think that's the problem and there are things added along the way, I mean the right to negotiate for example is not something that is ordinarily part of a common law title in Australia unless you have actually demonstrated that you have the title and that is one of the things that we seek to take away. For reasons I hope you understand, I don't want to display my hand. I believe the law is strongly on the side of the High Court resolving the matter in relation to those without reservation and pastoral leases in the Wik case and what the court has to say about other pastoral leases will be a matter for the court, and can I tell you that the Federal Government's Council will be appearing in the Wik case and will be arguing very strongly the Government's belief and that is pastoral leases extinguish Native Title whether they are granted with or without reservation. And we will be arguing because that is our belief, that is my belief and it was in the pre-amble to the legislation and we will be arguing that very strongly. I don't think for a combination of reasons it would necessarily be a positive thing for me to speculate about how we may react in the event of a particular court decision and I hope you will understand that and I say you have been very patient, I think a lot of people have been very patient, it's not something that a magic wand overnight, I have to deal with the reality, we live in a democracy. The Australian people voted overwhelmingly for us but equally they produced a result where certain numbers obtain in the Senate and I have to take that into account and I'm also very conscious of the balance of our obligations to the whole of the Australian community. We will be arguing that point of view very strongly. I think the course of action we have chosen is more likely, more soon than another course of action to resolve the issue. It's a matter of judgment I can understand the people of good will in this room disagreeing with me on that but I think it is the right course of action.

**QUESTION:** (John Watson)

Prime Minister, there are a number of us disappointed that the GATT/Uruguay round of trade negotiations didn't free up international trade to a greater extent than it has. We are now hanging our hats fairly solidly on the potential for APEC to at least deliver up within our region, some of the still outstanding issues, particularly very high tariffs. Australia obviously also has some obligations under that APEC agreement. I wonder if you would spend a couple of moments helping us to understand where you see Australia moving to between now and the year 2010 in order to honour our side of the obligations.

**PRIME MINISTER:**

We have a very strong commitment to the APEC process. We remain committed to a further reduction of tariffs in Australia. You will be aware that there was a fairly difficult debate about the Tariffs Concession Scheme. It was a policy change committed to by the former Government during the election campaign which we picked up I have to acknowledge that some of the criticism on policy grounds at that decision was very understandable. Some people urge to promise as an alternative to implementing what we said in the election campaign a slow down in tariff deduction. We decided not to do that there was a six months change in the date which merely resulted in consolidation, timing consolidation but some people argued upon that what

we should actually do is slow down the reduction from 8 to 6 to 5 and we rejected that because we wanted to retain the momentum towards lower tariffs and we will maintain that momentum. We do want it incidentally accompanied by some micro-economic reform measures that will create a lower cost environment for business as it moves towards a lower tariff regime.

I think Australia has gone a long way in reducing tariffs and I suppose one shouldn't do it but I will, I want to compliment the former Government on what it did this area, I don't often compliment the former Government but I will on that. I thought their 1991 statement on tariff reduction was a very good one and it had our support. One of the interesting differences between the former government and the present Government is that just about all the major economic changes that were made by the former Government had our support when they were good. We don't seem to be having quite the same luck yet, but maybe times will change as a bit more time evaporates. But we have a very strong commitment to the APEC process. I am hard headed enough I hope to believe that it won't be easy. There are a lot of people in Australia who believe that we give away by way of industry initiatives there has to be some reciprocity and I think that is very understandable, reciprocity in a proper sense but I think its also fair to say that we see intrinsic benefits, cost wise for our efficient industries in a low tariff regime. I think I'm probably, more than any other group in Australia, I would be preaching to the converted on the subject of that, I mean the case to the effect that the high tariffs have punished our efficient exports has been made very, very eloquently over the years by many people. We support that, we believe it, and we will continue to play it our in our own policy making so I do want you to accept from me a very strong message to the APEC process, there are many pieces of it that we will put a lot of resources and a lot of effort into. We have appointed an APEC ambassador, Tim Fisher and Alexander Downer have already signalled their commitment to the process. I will be going to the meeting in Manila and later this year we appointed 3 representative on the APEC Business Advisory Committee. So we are very, very strongly committed and involved with that is a firm commitment to the tariff reduction process.

#### **QUESTION:**

Prime Minister, I too enjoyed your speech especially the comments you made about your government wishing to strengthen the social and economic program of the rural economic fabric of the rural sector. That's certainly music to my ears and I am sure many of the people I represent. I was also heartened by your comments that the importance of the diesel fuel rebate was not lost on you and your colleagues and along with that rebate, which is worth some \$500 million to the rural sector, our other priority is obviously the maintenance of R & D funding to the rural sector. Both of those issues were in fact election promises which you quite eloquently stated. You are endeavouring to do everything you can to maintain. Are you prepared to give this council an unqualified commitment to maintain both those promises in the coming budget and the budgets of your Government after that?

**PRIME MINISTER:**

I can repeat what I said to you. I do not want for reasons I hope you will understand to be in the situation that I'm announcing in an adhoc fashion elements of the budget between now and the 20th August but can I without prejudice to that, Ian, can I say I repeat what I said in the speech, I have heard loudly and clearly the views. I didn't make those commitments lightly and I place an enormous, contrary to some very strange interpretations that were placed upon a speech I made to ACCOSS last Friday by some newspapers. I thought in that speech I was making the point that I placed a much higher premium on keeping commitments than perhaps people have thought and I repeat that again today but if I give direct answers in relation to one area of that kind then I'll get a lot of invitations over the next few weeks and before long the whole document will be revealed but I am very conscious of the importance you place on both of those and I'm also very conscious of what we have said. I don't want to say any more than that.

**QUESTION:**

Mr Chairman, I'd like to ask the Prime Minister a question. Conditions of the environment and Landcare and Natural Heritage Trust have been for a period of time, prior to the election, certainly the sale of a third of Telstra. IF that happens to get bogged down, we at the National Farmers' Federation, we believe also that the whole community has a vested and strong interest in moving those issues forward. Would you give an undertaking to look at ways and means that we can achieve some of that progress in Landcare, in the National Heritage Trust and also in the environment without the sale of Telstra. Would you look at that for us in a practical and positive way?

**PRIME MINISTER:**

Well it is going to Harry... I mean to use the old political refrain "where's the money coming from" and I don't know where it is. I mean, to be absolutely as open as one can be we've got an \$8 billion gap we would like to close. We have a number of commitments that we don't want to compromise in the process of closing that gap, we have some important commitments in the area of health insurance and family tax that are very, very important to me and I would not want to see those compromised in any way and we have worked out if we can sell one third of Telstra we get \$8 billion from that and because the Natural Heritage Trust has got essentially a series of capital investment programs we can fund that to the tune of \$1 billion. Now unless we have that one-third of Telstra I don't know where we can get the money from. I am always open to suggestions, the Australia Democrats have suggested that we put an extra 7% impost on Telstra well that will only result in compromising some of the capital investment program, particularly for the bush, that have been foreshadowed by Telstra. They have suggested a carbon tax and quite a number of other wacky ideas that all involve raising additional tax. The Telstra route is clean, fiscally responsible, open and eminently affordable and it beggars belief that a group of people who for years have paraded their passion for the environment would conspire to block the best environmental package we have seen in this country for 50 years, an environmental package that has drawn the support not only of the environmental movement but of the

rural movement and on its own of all the political parties in Australia. Now you cant have it both ways. The politicians in this country cant run around saying "yes we want this extra environmental program but gee, we want it funded in a different way." Now, I don't know how else you can fund it and I'd have to honestly say to you that if the third sale of Telstra sinks, the Natural Heritage Trust of Australia sinks with it. There is a link, we made it clear before the election. It's not blackmail, its nothing of the kind. I mean its a one off capital injection and we just don't have it. We have a lot of pressures on us in relation to commitments, and quite legitimately people look to us to keep commitments. We are having a lively debate with the higher education community at the present time. Some of it is based on a lot of misinformation but it is lively nonetheless. I have made some very careful commitments about the maintenance of the social welfare safety net. We are obviously going to achieve a lot of savings in other areas. I have taken a strong view and the Government has taken a strong view about the fact that we've cut the guts out of defence spending in this country year after year, and I don't think it can take any more without compromising the national interest.

So it is a very difficult balancing act and Harry I would love to be able to say to you "oh, if Telstra's preferred sale falls over there's some other way". I don't know what it is and I think the burden ought to be heavily upon those who would knock Telstra over.

I mean, you are not dealing here with a novel proposal. The former Government, with our help, sold the Commonwealth Bank after having said Ben Chifley would turn in his grave if it were even thought about. They sold QANTAS, they sold Australian Airlines, they sold every damn thing that moved when they were in Government and now they are throwing up their arms in sort of horror and saying isn't it shocking that we are talking about selling a third of Telstra. I mean, Keating himself said there was nothing inherently important, principle-wise, in maintaining public ownership of Telstra, and I would hope as the debate unfolds and time goes by that the pressure of community opinion, particularly from the environmental movement, will see a change of heart by the minority parties in the Senate. And they'll have time to do that, they've got a Senate inquiry. They said in the election campaign that they'd have to see whether we could demonstrate community benefits from a third sale of Telstra. I think we'll have some capacity to do that and I think that the community benefits that have arisen overseas - I mean Telco's been privatised are very strong, very evident.

**QUESTION: ( Barry Court)**

Yes Mr Prime Minister, back to the Native Title issue. In Western Australia, I'd have to say that our patience has virtually run out in a lot of cases. There's towns that have come to a halt, we can't sub-divide land, building projects have stopped, farmers are facing uncertainty with unsustainable claims, people that have got small loans from even back in war settlement times, for, \$14 000 on a \$2 million farm that now has Native Title slapped on it. It's creating, and I must warn you, an uneasy feeling in our community and the patience is running out. You've said already today that you didn't agree with the previous legislation. We ask you to as soon as possible change the legislation to extinguish the Native Title on pastoral leases and we, I've got to say it,

the election voted you in with an increased percentage, certainly in our area, and we'd like some action from you. The end of the year is going to be too late.

**PRIME MINISTER:**

Well, Barry, I have to say very directly that it is just not realistic to say that we can, like that, legislate to extinguish Native Title. We wouldn't get it through the Parliament. I mean, that's just a fact of life. I mean, if you can't get Telstra through the Parliament, if you can't ... I mean, they've sent the Industrial Relations legislation off to a Senate committee without even looking at it. There is no way, I mean, we have had a lot of discussion we haven't done this just off the seat of our pants, we've had a lot of discussions with representatives of the minor parties and their clear ringing unambiguous message is that they will not support legislation that extinguishes Native Title. Now, you may not like it, I may not like it, but that is the fact of life.

Now, the alternative is you can bowl that up. Now I'm just putting aside for a moment the question of what was said by us in the election campaign and I'll come back to that, but you can bowl up the legislation and you can have it knocked over and then people can say, well, that means you can then automatically have a double dissolution. Well, can I say, I'm not going to put myself and my Government in the situation where it automatically becomes hostage to a double dissolution. I mean, there may or may not be a double dissolution. Can I say, I regard myself and my Government as having been elected for three years, and I think the Australian public are fed up with the rapidity of elections in this country, and if you sort of reconcile yourself to a double dissolution on one particular issue within a few weeks of getting into power, I think you are doomed to have a lot of difficulty. Now, I know people are getting upset in Western Australia. I repeat, it wasn't our legislation, we voted against it. I don't agree with many of the provisions in it, although I support the substance of it, and we're not going to try and gut it. I think pragmatically the course we have chosen is more likely than any other course to bring earlier and better security.

Now, that is a judgment that we have made. It is not an option to have the thing resolved before the end of the year. I'm sorry, if we were to put legislation into the Parliament tomorrow it would be sent off to a committee. I mean, they've done that with the Industrial Relations legislation where we had the clearest possible, open, naked mandate imaginable and it's gone off to a committee and it won't be looked at until August. Now, they would do exactly the same thing with the Native Title legislation. Now, I know it is aggravating to a lot of people in state governments, I know it is of great concern to a lot of people in this room, and I share that concern and that aggravation. But my responsibility is not to make rhetorical speeches about the subject alone. My responsibility is to try and work out a practical way through it. Now, you talked about what was said in the election campaign. What was said in the election campaign in relation to Native Title was firstly that we would preserve the *Native Title Act*; secondly, that we reserve the right to amend the Act to make it more workable, and that is what we are doing, and part of that was to try and do something about the pastoral lease problem and thirdly, we made a commitment to honour the principles of the *Racial Discrimination Act*. Now, I haven't stressed this very much today because it is another part of the argument but a lot of people would argue very strongly, including a lot of very conservative people, that the passage of any legislation

purporting to extinguish Native Title, would be in breach of the *Racial Discrimination Act*. Now, I think the better legal advice is that it probably would be. Now, you can override the *Racial Discrimination Act*, the Parliament can, but you've got to get both Houses of Parliament to vote in favour of it, and I just have to say to you that there is now way, as I understand their attitude, there is no way that the Australian Democrats and the minority parties and the Labor Party would vote in favour of overriding the *Racial Discrimination Act*.

Now, I've got to say that even the most conservative of my own Members who would share all of the views that you've expressed, would have great reservation, and I would have some reservations about voting to weaken the *Racial Discrimination Act*. Now this is a very difficult issue and can I say to you there is an explicit irony in the fact that after I leave here I am going to have a meeting with the representatives of the Council for Aboriginal Reconciliation, and they are going to tell me that what I've put up represents the most retrograde step in Aboriginal affairs for 100 years, which I think is unreasonable if I may say so. Now, it is difficult, it is not going to be cured by people sort of making speeches at each other about what can or can't be done in a short period of time. I mean, Barry, I would love to have a solution. I sympathise with the difficulties of people in your State. I had a long talk with the Premiers of your State and with Rob Borbidge and Dean Brown about this. I think the way we are handling it is more likely than another course of action to bring practical benefits for the pastoral industry. I might be wrong, I could be, but I don't think taking everything into account ... I am certain of this though, that if we were to have decided first up to have gone down the legislative extinguishment route, you would have galvanised opposition to any changes and you would have compromised any hope of getting anything through the Senate, and we could have been stuck with the status quo, absent an early double dissolution and I repeat again, I am not in the business of committing my Government to an early double dissolution. I mean, I want to govern for three years, that's what I was elected for, and the idea that one can sort of summarily put oneself at the mercy of a double dissolution and all the pressures that are involved in that, is not one that I easily embrace. Could I say, with the best will in the world, I understand your point, a lot of people hold that view. I am trying as openly and directly as I can to explain the sorts of actions we've taken. I'm very conscious of the pressure in your State - legitimate, on the issue and I will do everything I humanly can to accommodate it but I've got to, I mean, I've got to be accountable to the practical outcome of what I do and as I understand the situation, the practical outcome that I have, the approach that I have proposed is more likely than another approach to achieve benefits for pastoralists and miners in a shorter period of time. Now, that's the reason why we are doing it.

**QUESTION:** (Ian Dondas)

Thanks Mr Howard, and I certainly appreciate your comments about the role of NFF and micro-economic reform and Industrial Relations and so on, and certainly appreciate your comments on diesel fuel rebate and I think the point needs to be made to the media here that we are talking about diesel fuel that's actually used on farms and it is not as if we get cheap fuel to drive up and down the roads. But the other point that does concern farmers in this area of course is the possible re-introduction of death duties and ....

**PRIME MINISTER:**

That's not going to happen.

**QUESTION:**

That's good. The second part that is related to this is the capital gains tax that applies at the moment on transfer of farms between generations. It's a concern at the moment, as you I'm sure understand the fragile capital position of farmers at the moment. There is at the moment the capital gains tax applies of course across the board taking into account inflation factors, but there is a feeling that perhaps there should be consideration for farms to transfer farms between generations and looking more closely at this capital gains tax issue.

**PRIME MINISTER:**

Ian, we have got a number of capital gains tax proposals in our election commitments and we certainly intend to keep those commitments and I'd be interested, and my office would be interested to hear a little more detail on what you've got in mind on that. There is a proposal in relation to residences. There's a limited proposal in relation to the impact of capital gains on residences generally, but I think you proposed something a little broader than that, but why can't we have a talk so I have a better understanding. I mean, I can't make any promise on the run, I won't. But I would be interested if you had a particular proposal to flesh out. If you wanted to talk to my office or me about that I'd be very pleased to.

Ends