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PRIME MINISTER

14 August 1996

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD, MP
RADIO 2UE WITH ALAN JONES**

E&OE.....

JONES:

Less than a week away from a Federal Budget. A lot on his plate, Prime Minister Howard is with me. Good Morning.

PRIME MINISTER:

Good morning Alan. It's always good to be here.

JONES:

Thank you for your time. Just, since I was actually doing a little commercial for the registered clubs this wasn't on the agenda, are you going to put them within the tax structure? I read the other day ...

PRIME MINISTER:

I was amazed to read the other day that the Government was considering taxing clubs. Can I tell you Alan it hasn't even been considered. It has been a season for pre-budget speculation. I don't normally respond to the wilder of the pieces of pre-budget speculation but that one, which had quite a big run in one of the weekend papers, really is deserving of comment because it's an issue that has not even been on the table.

JONES:

Okay, so take a good look at your club it will still be there in the same state next year.

PRIME MINISTER:

I reckon they'll still be there, yes.

JONES:

At your first press conference on 4 March this year you said your priorities were - and you listed four - small business policies, industrial relations reform, youth unemployment and consulting community groups.

PRIME MINISTER:

Yes.

JONES:

Can you boast achievements on those fronts, small business policies?

PRIME MINISTER:

I can certainly, in relation to small business policy we've already cut the provisional tax from eight per cent to six per cent, that's for small business. We've already cut by 20 per cent the number of forms they have to fill out for the Australian Bureau of Statistics and there'll be more coming on that front when I get the results of the task force headed by the boss of McDonalds foods who's telling us how to cut paperwork for small business by 50 per cent over three years. If the Senate had done its job I would have already abolished the unfair dismissal laws and reformed the industrial relations system ...

JONES:

It's hard for people to cope with that, isn't it, that they elected you in March and unfair dismissal laws were absolutely central to it ...

PRIME MINISTER:

Even Paul Keating said in the dying days of the election campaign that something had to be done about the unfair dismissal law. Now it is part of our Industrial Relations Legislation and I hope that that industrial relations legislation will pass.

JONES:

I had a caller yesterday who said, of course, that you could have passed it by pulling it out of the Industrial Relations package.

PRIME MINISTER:

Yes, but why should we be told by the minor parties how to run our legislative programme. Now I'm talking to Cheryl Kernot tomorrow. I'm not going to engage in some kind of on air rhetorical exchange with her. I want to have a sensible discussion to try and isolate areas where they'll vote for our legislation and areas where they won't ...

JONES:

She got ten per cent of the vote. Has she got too much clout for ten per cent?

PRIME MINISTER:

Well, look the reality Alan is that no matter what percentage she or any body else got, to get legislation through the Senate I need 39 votes.

JONES:

You're two short.

PRIME MINISTER:

I'm two short, I've only got 37 even though 54 per cent of the Australian people voted for us we only have 37 in the Senate. If I want get my programme through ...

JONES:

Is that good for democracy or not? Paul Keating called them 'unrepresentative swill'.

PRIME MINISTER:

Well Alan, whether it is good, bad or indifferent ...

JONES:

It's reality.

PRIME MINISTER:

It's a reality and I'm a realist and the Australian people elected me to do a job. Part of doing that job is cooperating with the minor parties, talking to them, listening to them, disagreeing with them where we disagree but at the end of the day the Australian people say, "Howard you're the Prime Minister it's your job to try and get your programme through". Now, I will along the way point out where I'm being obstructed, but equally I accept that these other parties ...

PRIME MINISTER:

Well, I'm not going to compromise on things that are fundamental ...

JONES:

Idun Chipp resigned from the Democrats ...

PRIME MINISTER:

I know that.

JONES:

... and she spoke on this programme the day before, yesterday, and she said the reason she resigned was that their standard variant slogan was to keep people honest.

PRIME MINISTER:

That's right.

JONES:

And she said therefore the Democrats should be making sure that you introduce the policies.

PRIME MINISTER:

Well, I mean it would be a defiance of everything that the Democrats have said they stood for if they end up rejecting things that we promised people we would do. I mean I can understand ...

JONES:

And elected to keep you honest.

PRIME MINISTER:

Well exactly, but look Alan, at the end of the day no matter what I think, you think, Idun Chipp thinks or any body else thinks at the end of the day I've got to get votes in the Senate to get legislation through. I just want the Australian public and I particularly want small business men and women to understand that I have been trying since the second of March to reform the Industrial Relations law, to give them the air in which to breath they need in relation to unfair dismissal, paperwork burden, being able to make effective workplace contracts without the unions.. having unions thrust down their throats where

nobody wants unions. Now I'm saying to those people I'm trying to get that legislation through and at the end of the day if I can enlist the cooperation of two more people in the Senate it can become a reality and I am hopeful that it will become a reality.

JONES:

Youth unemployment?

PRIME MINISTER:

Well, youth unemployment is very intimately tied to getting small business going again. Forget the idea that you can abolish youth unemployment by bureaucratic intervention. The only way you'll get rid of youth unemployment is to get small business going again because small business generates the jobs, small business gives people a start in life, small business gives young people ...

JONES:

But you've got EPAC and a whole Cabinet telling you to reduce tariffs on the motor vehicle industry to zero and that's going to throw the motor vehicle industry out of operation. I mean, tariffs in Singapore and Indonesia and Korea are up to 200 per cent. How does that help people get jobs?

PRIME MINISTER:

Well, that's an argument that we're going to have over the next few years but we are not reducing tariffs for the motor vehicle industry to zero. What we are doing is keeping the existing tariff structure which maintains a tariff until the Year 2000. So I make it very clear to the motor vehicle industry there's no change for the next four years. We're having an inquiry as to what we do after that. That inquiry includes, will include input from the motor vehicle industry and all of those arguments are going to be obsessed but I'm not going to get swept along with some kind of theoretical view of industry ...

JONES:

No, but I'm just saying to you last year automotive inputs were up by 19 per cent. Now once upon a time you had an imported quotient of, say, 35 per cent of passenger vehicles. Nearly all of our commercial vehicles are now from overseas, that adds to your debt. And now over 50 per cent of passenger vehicles. So on one hand you're trying to guarantee jobs. On the other hand you're trying to retain or restrain the level of imported debt and yet you've got this push within your Cabinet and both sides of politics to say we'll knock off the motor vehicle industry.

PRIME MINISTER:

Well nobody's going to knock off the motor vehicle industry, I'm not.

JONES:

... doing a pretty good job to date.

PRIME MINISTER:

Well part of that, of course, has been due to the uncompetitive character of the Australian economy caused in no small measure by a rigid industrial relations ...

JONES:

But I mean you try and sell a motor vehicle to Malaysia or to Korea or to China. Hey, they won't be saying 15 per cent tariff. They'll have tariffs or tariff equivalents of up to 100 per cent.

PRIME MINISTER:

In relation to motor vehicles that is true. In relation to some other extra items it is not true and there are benefits for this country in not having too rigid a system of industry protection. There are gives and takes when it comes to industry protection. I'm a pragmatist. I'm quite happy to see freer trade in Australia provided the rest of the world practises freer trade. It's a...

JONES:

We shouldn't be playing with 13 in the team when the others have got 15.

PRIME MINISTER:

There's got to be a give and a take. If we give up something, we are entitled to say to the recipient of that give up, well what are we getting in return. But if all of us can keep pushing towards a freer system then we will all be the beneficiaries.

JONES:

Well, they'll be ahead of the pace too otherwise we're going to lose significantly.

PRIME MINISTER:

Well, we've got to be sensible about it and we want to look after our own interests.

JONES:

Okay. 1.8 billion dollars you're going to save in education cuts in higher education. What is the philosophy...

PRIME MINISTER:

Well that incidentally, that figure sounds wildly inflated - I know all the commentators are using it - but that's over a period of three or four years. I mean we're talking...

JONES:

What is the philosophy behind that - just to get a bottom line better?

PRIME MINISTER:

No.

JONES:

Or how then do we encourage?

PRIME MINISTER:

No.

JONES:

I'm just wondering whether there shouldn't be a component of people. When you went to university there were people who actually went for nothing because they made it to being the best. Shouldn't we actually have, as we have with our athletes - on an Olympic day it's good to talk about this - where at the top of the tree those who've qualified on marks and showed themselves to be the intellectual elite, should they be given a kick along and say, listen, you go for nothing?

PRIME MINISTER:

Well, what we are doing is introducing, as well as the changes to HECs, we're introducing 4,000 special scholarships a year that are going to be...

JONES:

That's across Australia?

PRIME MINISTER:

PRIME MINISTER:

No, no, no, but it's a start. And bear in mind that we...

JONES:

Is that for the good people intellectually or the disadvantaged economically?

PRIME MINISTER:

Well, they will be awarded on merit according to need criteria by the university. So it will be a mixture. It will mean that very bright children who come from very poor circumstances will be the principal beneficiaries...

JONES:

We do want to encourage engineers and scientists don't we?

PRIME MINISTER:

Well, if we want to encourage all people of excellence we've also got to understand that when you've got an economic problem every sector has got to make a contribution according to its capacity and what we are saying...

JONES:

We don't ask Kieren to pay \$14,000 do we? We don't ask Kieren Perkins and nor should we. Why don't we ask the Keiren Perkins equivalent in engineering and science and so on, to say well listen, because you're so outstanding and have proven it on the results we have an obligation nationally to sponsor you?

PRIME MINISTER:

Well Alan, part of that provision of scholarships will accommodate that. Now, it's only a modest start but bear in mind that the HECS charge does not accrue, does not start, until you've left university. In other words you don't pay anything...

JONES:

I don't think anyone has much of a problem with that, I might add.

PRIME MINISTER:

I mean, you don't pay anything until you've gone through university and the weakness of completely free universities...

JONES:

I don't think anyone's argued that.

PRIME MINISTER:

Exactly.

JONES:

No one's arguing that. No one's arguing. I'm certainly not arguing that.

PRIME MINISTER:

Well, a lot of my political opponents are arguing this.

JONES:

Yeah, I'm certainly not arguing that and I think...

PRIME MINISTER:

Well, I think it's important for people to understand that many of the...

JONES:

They've heard me a thousand times on that...

PRIME MINISTER

...that the taxes of working class give no aspirations...

JONES:

(inaudible) middle class welfare.

PRIME MINISTER:

Exactly, and I don't think it is unreasonable to say to the middle class, you've got to make a contribution towards it and that is what we're...it's a contribution. We're not saying...I'm only saying the only contribution...

JONES:

JONES:

That's it, for the really bright and say to them, listen, put the light on at night and don't turn it off because...

PRIME MINISTER:

Well have made a start on that and it's a start down the right path.

JONES:

Well, let's now take the start on the middle class welfare issue - child care.

PRIME MINISTER:

Yes.

JONES:

2.4 billion dollars a year the Government is spending on child care, one way or another, 2.4 billion. The bulk of the kids, 855 000 I think the figure is, under the age of four are still at home being looked after by their mum who make that choice, they get nothing.

PRIME MINISTER:

Well, they'll get a lot more after Tuesday night.

JONES:

What are they going to get?

PRIME MINISTER:

Well, they're going to get our family tax package in full. And what that will do is recognise, to a much greater extent, the financial sacrifice made by mothers or fathers who stay at home full time to look after their children rather than putting them into child care.

JONES:

In a very important time of their life.

PRIME MINISTER:

At a very important time. Now, I think in the past the tax system has been miserly, miserly in the way in which it has recognised that decision and that contribution and we are making a start through our family tax package for people under \$70,000 a year income.

JONES:

If you look after your kids at home it costs the tax payer nothing, it costs the parents plenty doesn't it?

PRIME MINISTER:

I beg your pardon?

JONES:

If you look after your kids at home it costs the tax payer nothing, but it costs the parents plenty.

PRIME MINISTER:

Well, they give up a second income and this is often forgotten by people who sort of deride the contribution of people who are full time child carers for their own kids, that they actually give up a second income.

JONES:

Just on the rural question - okay, middle class welfare, I'll just take one forward - does that apply then to health care? I mean, you're saying that in education they should make a contribution. Should people of mean, should you and I, even have an opportunity to get a health care for nothing?

PRIME MINISTER:

Well, we don't get it for nothing.

JONES:

Well, we pay a little...

PRIME MINISTER:

Well, we pay the medicare levy and I have private health insurance and that is not a piddling amount. It's 2,000 plus dollars a year. We're going to bring in a tax rebate, not for somebody on my income but for people 70,000 dollars a year and below, they will be...

PRIME MINISTER:

There'll be a tax rebate. We announced it in the election campaign and it's going to be implemented in full as promised, as promised, on the very day in the budget.

JONES:

The rural community. You did the Diesel Fuel Rebate yesterday.

PRIME MINISTER:

Yes.

JONES:

We won't go into that because I said earlier this morning, a quite proper move by the Government and...

PRIME MINISTER:

When you bear in mind the low income of many farmers...

JONES:

And the tremendous contribution mining and agriculture makes to the economy.

PRIME MINISTER:

...export income, the idea that it's some kind of welfare handout...I mean if we had knocked off the Diesel Fuel Rebate we would have been adding directly to the input costs of the farming and mining industry.

JONES:

Well it could have cost us money productively.

PRIME MINISTER:

Enormously.

JONES:

The rural community though, you have said a million times, pastoral leases extinguish native title. 73 per cent of Queensland and a lot of New South Wales are under pastoral lease - can they trust the Government? You said you want to be a man who's regarded as having his word as his bond. You've said pastoral leases extinguish native title - do they?

PRIME MINISTER:

The High Court of Australia, which is the final arbiter of this, is deciding this right at the very moment in the Wik case and I hope to have a decision, or I hope there will be a decision by the High Court of Australia very soon in relation to that appeal. It was heard about five or six weeks ago.

JONES:

And if not? Because John Howard said pastoral lease...

PRIME MINISTER:

Well if not, if the High Court of Australia brings down a decision which is different from what had been the previous understanding of the law, naturally I will accept that decision as an interpretation of the law as it know stands because I'm bound as you are by the decision of the Court.

JONES:

But you can make laws.

PRIME MINISTER:

Well of course. We will consider our position when the High Court has brought down the decision. I'm not going to say any more than that because I respect the role of the courts in our system. But I can say to your listeners that we're waiting on that decision, we have an interest in it. I think the whole community, the Aboriginal community, the mining industry and the pastor industry all have an interest in it. We all want certainty, but the Court is the pinnacle of our judicial system. I respect it. I might, as an individual, disagree with some decisions as you do. But it's got an authoritative role in our system and I'm not going to say anything that in any way pre-empts the role of the courts, particularly when it's heard an application and heard submissions on a particular case.

JONES:

Prime Minister, given the political cycle - three years, and it's far too short - this budget is so, so, critical to you isn't it, because the tough decisions have to be taken next week or not at all? You've got a problem of debt, you've got a problem of unemployment. You've said:- nothing I place in higher store than keeping faith with the Australian people.

PRIME MINISTER:

That's right.

JONES:

Can you turn this debt thing around? The current account debt and the budget debt?

PRIME MINISTER:

We can, we can over time. We will make an enormous contribution next Tuesday night.

JONES:

So what sort of budget will it be?

PRIME MINISTER:

Well, it will be a strong fair budget.

JONES:

Tough?

PRIME MINISTER:

Strong and fair. I think strong is a better word. Strong in the sense that it will do the job, it will tackle the problem, it will pay off Labor's bankcard.

JONES:

The battler out there...what do you say to the battler, what will the battler be saying after the budget?

PRIME MINISTER:

Well, the battler will be saying; Howard kept his faith and his commitments in relation to the families; Howard tackled the problem, he did the job; he shared what pain had to be doled out, he shared it around.

JONES:

And will there be a few people on a quid saying, well it's fair enough what Howard's done, he's making us pay a bit more?

PRIME MINISTER:

Well, look, nobody can...there won't be a take-out from next Tuesday night that we have punished the poor or been unfair on vulnerable sections of the community. I will be able

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to look every interest group in the country in the eye on Wednesday morning and say you may not like everything in the budget but it is fair, it is defensible and most importantly, it has done the job for Australia.

JONES:

Just one final thing. 137,000 public servants you've got down there. Have you got about 136,999 too many?

PRIME MINISTER:

Well Alan, I didn't think I'd escape your programme with...look, I am a private sector man in the sense that I see the growth coming in the private sector. On the other hand there are a lot of public servants in this country who are hard working and conscientious, but they, like everybody else, have to make a contribution to fixing the problem for Australia.

JONES:

Good to talk to you and all the best to your wife.

PRIME MINISTER:

Thank you very much Alan.