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PRIME MINISTER

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TRANSCRIPT OF THE PRIME MINISTER THE HON JOHN HOWARD MP INTERVIEW WITH FRAN KELLY - AM PROGRAMME

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JOURNALIST:

John Howard, it's the business end of the year for you now. Your workplace relations bill and the Telstra bill come into the Parliament this week. How much amendment to these bills can you wear?

PRIME MINISTER:

Well, naturally we don't want in either case the essential thrust of the bill to be destroyed by amendments. We are in the process of discussing both measures which we openly disclosed to the Australian people before the election and explained fully and received a clear mandate for. We're openly discussing both of those with the minor parties in the Senate. I hope we can garner their support. It is important so far as the workplace relations bill is concerned, it's important that bill go through because if it does it will help the unemployment situation. It contains for example the removal of the unfair dismissal law which has plainly deterred thousands of small business men and women all around Australia in employing people. A freer labour market is one of the ingredients to a reduction in unemployment. It's not the only ingredient. I've never argued that.

The two things that are needed to get unemployment down in Australia on a lasting basis are a higher rate of economic growth over a longer period of time and a freer labour market. Not even the Labor Party disputes that higher economic growth will help reduce unemployment. They don't come to the party on the freer labour market because their trade union antecedents and roots prevent them from doing so but most objective observers would agree that if you can twin those things, that is higher economic growth and the contribution to national savings made by the budget deficit reduction strategy will help produce higher economic growth because we will be able to run the economy faster

without sucking in imports and having to draw on the savings of foreigners to finance the surplus imports.

So if you can get faster economic growth and a freer labour market, and the workplace relations bill will deliver a freer labour market, those two things together will make the unemployment outlook better. Now that is what I have been saying and I think that is a clear, moderately put statement of reality and relatively free, if I may say so, of political hyperbole.

JOURNALIST:

Well that is what you've been saying but the Opposition is signalling that it will vote against \$7 billion worth of the \$24 plus billion worth of spending cuts you're proposing over the four years and they're saying they will do that because some of those cuts include cuts to industry assistance, cuts to research and development. I mean, isn't it true that the way to generate jobs is through imports, is through industry and yet you're cutting some of the measures out of those elements?

PRIME MINISTER:

Fran, it is true that the way to generate jobs is to have a higher economic growth and there's no shadow of a doubt...

JOURNALIST:

Isn't it true that taking billions of dollars can slow down in the short term the growth?

PRIME MINISTER:

No, no, hang on, can I just, you've put a question to me. Let me please finish the answer. The way to reduce unemployment and the way to get faster economic growth in the present situation in Australia is to take measures that allow us to run a high level of economic growth without having a balance of payments crisis every couple of years. This has been our problem in the past. The economy heats up. We're doing well for a while then we start to suck in imports because we don't have enough domestic savings and because we have a rigid labour market, and we then have to allow interest rates to rise to slow the place down, and that in turn causes unemployment to lift.

So what you've got to do is try and break that cycle and the strategy that we have followed since being elected to office is designed to break that cycle. We're addressing the savings problem through reducing the budget deficit and even the Labor Party admits that you've got to get the budget into balance. They admit that. The only argument is about the speed with which you get the budget into balance, and the other thing that we're addressing which of course they can't address because their trade union antecedents won't allow them to do so, is to free the labour market. So if you want a genuine debate about

reducing unemployment over the longer term, the things that matter are faster economic growth and a freer labour market. They are the twin methods by which over time, and it has to be said over time, and we've got to talk honestly about that and not sort of set artificial figures, over time if we can take decisive action on those two fronts then we do have some hope of reducing unemployment.

JOURNALIST:

Let's talk about the "over time" factor you've just mentioned there. I mean, it is bound up a lot I think with the speed of which you address these things. You're addressing the budget deficit in a very full steam ahead way.

PRIME MINISTER:

No we're not.

JOURNALIST:

Well you're indicating that is the first goal and we've got to get to it quickly, much faster than the Opposition parties want you ...

PRIME MINISTER:

Hang on, hang on..

JOURNALIST:

Is that not true?

PRIME MINISTER:

No, we've had five years of economic growth and we're still in deficit.

JOURNALIST:

No but I'm saying in your budget you're arguing against the Opposition parties for the speed of that.

PRIME MINISTER:

Hang on Fran, you can't just say, just us. I mean we've got to look at the reality. We've now had three, four years of economic growth and we are still in deficit. Now heaven help us if through disadvantageous world economic circumstances, economic growth in Australia is slowed down. We are fortunate that one of the things working for us at the moment is strong growth in America, reviving economic growth in Japan, strong

economic growth continuing in the Asian Pacific region. But if those circumstances, through no fault of our own were to change, then we would be deficit-wise, in a real pickle. And the biggest strike of all against the former Keating Government with Mr Beazley as Finance Minister is the fact that after all those quarters of economic growth, after the end of the recession, we inherited a budget that was still very heavily in deficit, so I don't think anybody can say that the deficit reduction path that we have set ourselves, which will only bring the budget into underlying balance in year three of our first three years in office. I don't think anybody can regard that as proceeding at an excessive pace, indeed looking at both government...

JOURNALIST:

In fact the opposition parties are arguing exactly that, aren't they. They are saying you are proceeding too quickly.

PRIME MINISTER:

I think they are way out of touch, way out of touch with reality.

JOURNALIST:

Do you accept though that if we're talking about a time frame, that in the short term the cuts you are making will work against higher growth and stronger employment - in the short term?

PRIME MINISTER:

No I don't. No, no I don't.

JOURNALIST:

But aren't we already seeing the job losses of thousands of people because of that...

PRIME MINISTER:

Yes but you can't assume that for example, the redundancies in the public service, all of which to my advice have been voluntary so far. You can't assume that all of those people are going straight onto the jobless queues. Many of them are going into jobs elsewhere in the economy. The level of unemployment which we inherited, which was around 8.5% is still 8.5% and I repeat, getting that down over the longer term depends really on two things above everything else. It depends upon freeing the labour market and it depends upon running a faster rate of economic growth. I think another big contribution of course will be within those two methods, within those two paths will be of course to get the small business sector moving again, but that really is part and parcel of reform in those two overriding areas.

JOURNALIST:

Mr Howard, just talking about job losses, and you say that the public sector job losses, of which there have been thousands, no one disputes that, have been voluntary redundancies. It is nevertheless in the context of the fact that these jobs have to go and there has been much written about the impact of that on individuals. You have been in the job of Prime Minister for six months now. You've led the nation to tougher gun controls, quite a triumph for any Prime Minister, but is it also difficult being a Prime Minister presiding over the pain of individual families where job losses have to come. You're making policies that that's a direct impact of it. Is that a difficult thing to do?

PRIME MINISTER:

I don't think anybody in public office enjoys taking decisions that are going to make some people unhappy. Of course they don't but what you've got to ask yourself is that if you don't do those things, what will be the end result, and I have no doubt in the world that if we had not brought down the budget we brought down, that we would have been laying down far more misery and unhappiness and job loss and family dislocation for far more people several years into the future. You can't go on living beyond your means indefinitely. There comes a time when you've got to pay off the bankcard or otherwise you can't put any more on it - and you go out of business. And that basically is the situation that Australia's in. We have had several years of economic growth but we're still in deficit, and heaven help us if we don't do something about that because if that economic growth slows down and we are still in deficit, we'll go further into deficit and what do we do then? What would Australians of two or three years time think of me in retrospect if I had done nothing about it? They would quite rightly have been highly critical of me and they would have said I've failed the first test of a leader and that is to take decisions in the longer term interests of the totality of the country.

JOURNALIST:

But isn't the difficult reality for you and I'll move off this topic after this, that your budget predicts that unemployment won't be coming down much over the next couple of years, it will still be at 8.2%?

PRIME MINISTER:

Well, the predictions in relation to unemployment are cautious and I think you've always got to be cautious. I mean, the last group of people in this country who can lecture me about unemployment are the members of the Labor Party. They had thirteen years under Paul Keating unemployment hit its highest level since the great depression and we inherited....

JOURNALIST:

So you are optimistic that

PRIME MINISTER:

Let me finish, we inherited an unemployment rate of around 8.5%. Look, unemployment will come down in this country if we can free the labour market and we can run a faster rate of economic growth without provoking a balance of payments crisis. Now, if we can do those two things and all of our policies are directed towards doing those two things, then over time unemployment will come down. I'm not going to put a figure on it. I think it is both difficult and unwise to do that but I am certain and I think most economic opinion would support me, that if we can achieve progress, decisive progress on those two fronts, then unemployment over time will come down.

JOURNALIST:

Just one brief question on your workplace relations bill. The Democrats have been meeting with the Government over the past few weeks. They say they will let your bill pass with amendments though they are still arguing for an increased role for the industrial relations commission to give the IOC some watchdog capacity over Australian workplace agreements. Can you accept that?

PRIME MINISTER:

Well, I don't want to get into saying what we will or won't accept while discussions are going on between Peter Reith and Cheryl Kernot. We would like the support of the Australian Democrats. We've spent a lot of time talking to them. In the end they will decide what they are going to do and I'm not going to speculate about what other parties are going to do. It is really for Cheryl Kernot and Senator Murray to speak for the Australian Democrats on the issue of the workplace relations bill. I hope they can support the measure. I hope they see that it will help small business. Getting rid of the unfair dismissal law will certainly help small business. I hope they see the contribution that the passage of that bill will make over time to a reduction in unemployment. We will continue to talk to them and I hope in the end they'll feel able to support our legislation, but that is for them to decide but we will not let any opportunity go by without pressing the importance of this bill and of course reminding everybody that we did tell the Australian people in great detail what we intended to do in this area before the election and if the word mandate means anything in Australian politics, we do have a mandate for significant industrial relations reform.

JOURNALIST:

Prime Minister, a week ago your communications Minister, Richard Alston said that the full privatisation of Telstra was inevitable and desirable. You quickly stepped in and

indicated that Coalition policy is only for the one third sale of Telstra. But didn't you in fact tell the firm Clayton Utz earlier this year almost the very same thing as Richard Alston when you said that even if you lost Government Telstra would be fully privatised within five years...

PRIME MINISTER:

I did say that, yes.

JOURNALIST:

...that it was inevitable. Isn't that essentially the same thing that Richard Alston was saying?

PRIME MINISTER:

No it is not. The comment I made was the observation about the change in the attitude of ... I actually made the comment about the Labor Party. Look, if we were to lose office, by definition we wouldn't be in power in five years time, so I was really not talking about us. But look, our policy hasn't changed. Our policy is to sell a third. That is what we got a mandate for at the last election, and we said and Richard has said this and I've said it, that if there were to be any proposal to sell more, well, that's something we'd take a decision on in the future and that's something we'd seek a specific mandate for at a subsequent election, but right at the moment we want to get a third of it sold and I hope we can get that legislation through. The question of what happens in the future is something that will be considered in the future, but I repeat, look nothing is really inevitable in politics except those two famous things that Benjamin Franklin mentioned - death and taxation. Nothing is inevitable. I am focussed on getting a third of Telstra sold, that is the proposition. That is what we got the authority of the Australian people for and that is the only proposal that we will seek to implement during this term of Government.

JOURNALIST:

But does that indicate at all that you've had a change of heart or a change of mind given that you are on the record many times in the past as indicating that privatising Telstra was a good idea. You think it is a good idea. Do you still think that?

PRIME MINISTER:

Well Fran, we took a policy to the last election and that policy took into account the views of the Australian people as we saw them. And it was a very honest open policy. We said we'd sell a third. If we decide to sell any more we'll seek a specific mandate to sell that further piece. Now, that's our policy. It hasn't changed, it won't change.

JOURNALIST:

The Senate inquiry report into Telstra comes out today. I understand the majority report says that the State of Tasmania will be particularly disadvantaged by the sale. Is that a blow for you in terms of persuading Senator Harradine?

PRIME MINISTER:

Well, I haven't seen it, I haven't seen it, so I'm not going to comment on something I haven't seen.

JOURNALIST:

On another issue Mr Howard, Liberal Party MP Kevin Andrews plans to introduce a Private Members Bill on euthanasia today into the Parliament, that if passed would override the Northern Territories right to pass their bill. Do you support or will you support Kevin Andrews' bill?

PRIME MINISTER:

Well, it is a conscience bill, so I in expressing the view I'm about to express I am not speaking for the Government or for the Liberal party. Personally, as I understand the form of the bill at the moment, I will support it, yes. I've stated my position on euthanasia in the past. I don't intend to force that view down the throats of any of my colleagues. This is a very difficult sensitive issue and there are passionately held views on both sides, people of good conscience in both parties hold differing views on this debate. It is one of those issues which is in essence a life and death matter. It is a matter of principle. It goes to the essence of what we see life to be and the sanctity of it and the importance of it and the quality of it, and that of course is the argument that supporters of euthanasia put forward and whilst on balance I don't agree with them, I respect their views and I can understand that many of them come from a position of total good conscience on it, but it is one of those issues where each individual has got to make up his or her mind. I will, as currently understanding the measure that Kevin is putting up, I will support it myself, but that is not an instruction or a request or a piece of advocacy to any of my colleagues. It is a matter for them to make up their own minds how they vote because we are a free party on this, as indeed is the Labor Party.

JOURNALIST:

Many of those as I understand it who are going to oppose the bill, or indicating that, are opposed to it on the basis they don't think the Federal Parliament should override the Northern Territory Parliament which has voted twice on this, on their euthanasia bill. Do you have a problem with the fact that this bill would override...

PRIME MINISTER:

Reconciling federalism and views on life and death?

JOURNALIST:

I suppose so yes.

PRIME MINISTER:

No, on this issue, no I don't.

JOURNALIST:

Even though it was a State Government there was nothing you could do about it?

PRIME MINISTER:

Well, no I don't. I don't personally, but if other people do well that is a matter for them. The law allows a territorial law to be overridden by the Federal Parliament so we are not acting unconstitutionally or improperly or indecently. We are exercising the lawful power currently given to the national parliament to override a Territory law. As a matter of issue and principle I would have thought, no matter how strong a federalist one is and I'm quite a strong federalist - there are some in my party stronger - there are some in my party weaker, but I would have thought that no matter how strong a federalist one were issues going to the essence of life and going to the quality of life probably override even the federalist principles. I think they really go to the core of what you believe in as an individual and as a human being and I would have thought those matter of conscience take precedence over everything.

JOURNALIST:

Finally, Mr Howard will you meet the Dalai Lama?

PRIME MINISTER:

Well I've said that I'm considering that proposal and I continue to consider it.

JOURNALIST:

Still not decided?

PRIME MINISTER:

Well I will, he hasn't arrived in Australia yet.