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PRIME MINISTER

14 October 1996

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

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KELLY:

Prime Minister, in your view did Senator Jim Short have to resign?

PRIME MINISTER:

He did on Saturday, yes, after it was, if I may finish, after it was revealed that contrary to the previous understanding, there was an apparent conflict of interest. I mean, what in reality should have happened with that ANZ Bank approval was that he should have referred it to the Treasurer for decision or referred it to the Cabinet or to somebody else to take the decision but he didn't. I have to say of course that that approval was a purely routine matter. He acted on the advice of both the Reserve Bank and the Treasury. In no way could it be said that he said, Aha, here's something dealing with the ANZ Bank. I'll give this a tick and the value of my shares will zoom overnight.

I mean, for anybody to suggest that would be not only base but also to display a complete ignorance of how these things operate. But it's a question of apparent conflict of interest. Jim did not behave dishonestly or without integrity but given that new information altered the original circumstances it was obvious when he told me about it on Saturday, both to him and to me that there was no real alternative other than for him to resign. I'm sorry about that because he's been a hardworking Minister and there wouldn't be anybody in this building who thinks that Jim Short is other than a very straightforward bloke and that's the pity of it. But these things happen. They happen with all governments and it's over. It's an incident behind us and we go on.

KELLY:

But Prime Minister, wasn't it, it is obvious as you say that these things would come up? Wasn't it clear to you that there would have been an approval like this, something routine that Senator Short would have had to come across in this...

PRIME MINISTER:

No, no, not necessarily. You can have general responsibility for a piece of legislation but never take a specific act under that legislation relating only to a particular company. You might not do that for years. No, that doesn't automatically follow at all.

KELLY:

Was this revelation over the weekend, as you described it, was it politically convenient for you given that the commentaries in the media had been very critical of this decision?

PRIME MINISTER:

No, no, look, I didn't think whether it was politically convenient or not, Fran, it happened and I dealt with it. He rang me at five to one on Saturday and said...

KELLY:

Did you ask for his resignation when he rang you?

PRIME MINISTER:

Hang on, hang on. Let me answer the question again, please. He rang me at five to one on Saturday and said, John, I am sorry to tell you that I've had my staff go through all of these approvals and I've discovered this. He said, I had completely forgotten and I didn't believe there was anything specific relating to the ANZ Bank. This alters the circumstances. I have no alternative but to resign. And I've accepted it.

KELLY:

So you didn't have to ask for his resignation?

PRIME MINISTER:

No, I didn't. No, he offered it and I accepted it and that incidentally, given all that had happened, I mean, I took the view last week that it would have been in the absence of the sort of information that subsequently emerged, it would have been unreasonable to have sacked him. That was a view. Now I knew that some people were going to criticise that but you have to take I think a balanced view of those sorts of things and I think many people understood the reason why I didn't. It incidentally had nothing to do with a more or less close personal relationship between the two of us, as some people had suggested. I've got close, personal relationships with a lot of my ministers. That will never stand in the way of decisions that I take.

KELLY:

What did it have to do with?

PRIME MINISTER:

I think it had to do with the realisation that he had not set out to do anything dishonest. He had not set out to display a lack of integrity. He was by nature a very straightforward person and there did not, to his understanding and to mine at the time, there had not been any specific conflict of interest situation of the type that subsequently emerged. Anyway, it emerged. He has resigned and we have a new Assistant Treasurer in Senator Rod Kemp and I suppose the interest of the day will be to see whether Kim Beazley takes the Gareth Evans line and tries to pursue Tanya Costello because she owns a few hundred shares in the Commonwealth Bank. I mean, it would be very interesting to see whether this party that has always claimed to champion the independent personalities of women in our community are going to pursue the wife of the Treasurer because out of her own money in 1994 she bought several hundred shares in a float in which hundreds of thousands of Australians participated. Her mind and the mind of the Treasurer was directed to those shares after Mr Costello became Treasurer when the new issue occurred and the Treasurer asked her not to participate in it. In no way has he breached the guidelines and I will be fascinated to see whether Mr Beazley takes up the Evans mantra on this and criticises Tanya Costello and criticises Peter because I don't think either of them deserve any criticism at all.

KELLY:

You say in no way has Peter Costello breached the guidelines and yet your guidelines say that ministers should have regard to the interests of their immediate family to ensure no conflict of interest. If the ownership of Commonwealth Bank shares by a member of the Treasurer's family is not a conflict of interest what does that guideline mean? What should ministers have regard to?

PRIME MINISTER:

I'll tell you what it means. It means that ministers should do exactly what Peter Costello did, exactly what he did, and that is have regard in their decisions to the holdings of their families and that's exactly what he did because he..

KELLY:

So he had regard to...

PRIME MINISTER:

No, no, hang on, hang on. I'm sorry. Will you let me just answer the question and don't interrupt at the crucial point. When the share issue, the float of the remaining shares in the Commonwealth Bank occurred earlier this year, Mr Costello, mindful of his wife's holdings, said to her I would ask you not to participate in that float, and she

didn't. Now that is exactly what, precisely what the sort of conduct that the guideline has in contemplation and I would say to you and I would say to anybody who wants to pursue this matter, that in behaving in that fashion both Peter and his wife have exactly done what the guidelines exhorted them to do and I'm totally satisfied in the case of him, there has been absolutely no breach. And the idea that the wife of a minister who's purchased a small parcel of Commonwealth Bank shares out of her own money, from her own earnings, from her own job, should be pursued across the length and breadth of this country to get rid of them is something that I think will annoy, quite properly, not only a lot of women in this community but also a large number of men as well.

KELLY:

So it is clearly a different issue is it, from John Anderson's - the Primary Industry Minister's - wife selling her shares?

PRIME MINISTER:

Well, that was the judgement she made and she wasn't incidentally forced, as some people have said, to sell them. She wasn't forced at all.

KELLY:

But she interpreted the guidelines...they interpreted the guidelines that way?

PRIME MINISTER:

Well, that was a decision that they took incidentally without seeking my view on it. That was a decision that they took and presumably they, because of the particular circumstance...and bear in mind that the particular decision that John Anderson faced in relation to the Boral Company involved a position where you could make a precise calculation that there was going to be a particular increase in the value of the shares. But that was a judgement that they took. I mean, there is never any reason under these guidelines why people, if they want to, just get rid of all shares. I mean, I don't own any shares, I've never owned any shares since I've been...

KELLY:

Would you rather know if your frontbench did?

PRIME MINISTER:

No, no, in fact this issue arose...I mean I, when we discussed this matter at the beginning, I said to my ministry, I don't own shares and I haven't since I've been in federal politics, but I'm not asking people to divest themselves. I mean, you've got to keep a sense of proportion about this. People are allowed to own properties, they're allowed to own farms and many ministers on both sides of Parliament have owned investment properties. I mean, I'd be amazed if the Labor Party asserted that none of its former ministers ever owned any investment property. There's always a greater

sensitivity for understandable reasons because of market variations and the capacity of government decisions to have an impact on market levels. There's always a greater sensitivity with shares and you get difficult areas of judgement and in some ways these sorts of guidelines are harsh on people who have shares and they're easier on people who have property. I understand incidentally that the guidelines in the document I put out are substantially similar to the guidelines that operated under the Hawke and Keating Governments, and also from my recollection substantially similar to those that operated during the time of the Fraser Government.

KELLY:

Prime Minister, there's been a lot of media comment over this incident, the Jim Short incident and the integrity of your guidelines that remain since this incident came to light last week. Your decision not to sack Senator Short has been criticised by some as weak leadership on your part. It's also been linked to the fact that you were perhaps slower to act than some people think you should have been on Pauline Hanson's comments. Do you concede that if you had acted more decisively on those particular comments - the issue of Pauline Hanson, her rise to fame if you like, and the amount of coverage her comments have had - would not have got the run that they would have got? You could have stopped it in its tracks.

PRIME MINISTER:

I don't believe that at all. Look, you don't make a decision about things like that according to whether you're going to be criticised or not. You make a decision about what you think is the right response at the time. And I would have thought some of the comments that the lady has alleged to have made over the last 48 hours would have made the very point that I sought to make a few weeks ago, that I think she's been given far more prominence than she deserves. And when you start making comments about the civil unrest and so forth, indicates very plainly to me that your remarks oughtn't to be taken seriously. I repeat again, it's not the role of the Prime Minister of this country to make policy in response to the maiden speeches of Independent members of Parliament. I have made our position perfectly clear about the non-discriminatory character of our immigration policy. I've asserted again and again our total commitment to principles of racial tolerance and the belief that once a person has come to this country, that person, irrespective of his or her ethnic or national origin, is entitled to the same respect as you and I and that we are united together as part of a tolerant Australian community.

Now that has always been my belief. It has also been my belief that if somebody was to call for a reduction in the immigration programme or indeed if somebody wants to call for no immigration at all, that person is perfectly entitled to do. And I do believe that there was a period of time under the former government, and I repeat it again, when if you criticised the then orthodoxy in certain areas instead of being met with rational responses, you were called a racist or a bigot and you were, by those pejorative terms, intimidated into silence. Now, a lot of people were, perhaps people like senior politicians weren't but there were a lot of other people who were perhaps not used to that kind of abuse on a daily basis, who were intimidated into that kind of silence. They were the pointers that I sought to make in that speech I delivered to the

Queensland Liberal Party, which incidentally I don't retract a syllable of. I do believe that did exist. I do believe there is a greater disposition now for people to speak their mind. But I also remind those people of something else I said in that speech in Queensland, that the freedom to speak in this country carries with it an obligation to be sensitive and to be tolerant in the use of that freedom of speech and that is an obligation that is thrown on all of us. But I don't regret for a moment and I don't recant for a moment the stance I took in relation to that maiden speech and I think the great majority of the Australian community as distinct from, I think on this occasion, so called elite commentaries believe and understand what I've done.

KELLY:

Just finally and can I ask you very briefly, do you agree with Brendon Nelson, your own Liberal backbencher's request or suggestion that there should be a bipartisan motion put in the Parliament on immigration and multiculturalism?

PRIME MINISTER:

Well I haven't seen exactly what Brendan said. I've seen two reports of...

KELLY:

Is it a good idea?

PRIME MINISTER:

Well, I think it's a good idea for the Prime Minister of this country to declare his attitude on things. The question of whether you take particular stratagems in the Parliament is a separate matter and I'll deal with that according to the circumstances of the occasion. I have made my position clear on the non-discriminatory character of our immigration policy. I've defended the right of people to advocate different levels of immigration. I've repeatedly committed my two government parties to the principles of tolerance within our community. The great majority of Australians understand that. I think the claims that have been made by many people in recent days about a racist debate in the Australian community are, I think, superficial, are juvenile. I don't think there's a raging racist debate in the Australian community at all. I think that is a...let me put it like this; it's an argument that some people would like to see occur and I find it very strange that people should be beating up the existence of an argument of which there's no evidence to me and to most people I talk to that there is any such debate at all.

Most Australians are very tolerant, but what they do resent is periodically being told by some of the cultural dietitians in our midst, that we are a mob of racists when in reality the great majority of Australians have demonstrated a capacity to absorb people from all around the world, the like of which few other countries have achieved since the end of World War II. That ought to be a source of pride, it should not be a source of defensiveness.

KELLY:

Prime Minister, thank you.

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