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PRIME MINISTER

15 October 1996

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD, MP
INTERVIEW WITH KERRY O'BRIEN - 7.30 REPORT**

E & OE

O'BRIEN

I'm joined now from Canberra by Prime Minister John Howard. John Howard do you stand rock solid behind your Industry Minister tonight?

PRIME MINISTER:

Yes and I don't believe that he's breached the guidelines but I think what that little commentary demonstrated and what Brian Gibson's very unfortunate circumstances, demonstrated is the need for me to examine the introduction into Australia of the concept of a blind trust. I mean, we get into the situation where any body who has a substantial share holding is going to be frightened out of going into politics through fear that quite easily, when you start talking in thousands of shares and cross holdings and so forth, it's very easy to create the impression that there is chicanery when there is not. And I'd like us to look at the situation whereby if you have a substantial share holding and you go into politics and you become a Minister you can put that share holding into the hands of trustees. They do this in America, Canada and I believe also in Britain and you can be kept at arms length from your share holding and you can do your ministerial job. You're not involved every day in making a calculation as to whether you may or may not be in breach of a particular obligation. Now, I mean, I've never had any shares since I've been a Minister. I haven't owned shares for twenty years. But I don't expect to impose that attitude on other people. At present if you own a farm or you own a block of flats you can keep them and you can make money out of them and remain a minister. Now I'm not saying there's anything wrong with that. But if you own a parcel of shares, historically, Governments on both sides of politics have

taken a different view and the guidelines that I'm operating now are the guidelines that were operated by the Keating, Hawke and Fraser Governments.

O'BRIEN:

Didn't you enhance them a little?

PRIME MINISTER:

Only in a little respect Kerry. I mean, the tragedy of all of this is that you've had two men who have had to drop out because they haven't complied with the guidelines - not because they've earned a cent or a dollar or been dishonest or been duplicitous, but because they through inadvertence and carelessness, and I have to say that, they didn't pay enough attention to the detail of the Ministerial guide and they had to go.

O'BRIEN:

Why is their carelessness any different from John Moore's position?

PRIME MINISTER:

Quite different because they were in technical breach of the guidelines and John's not.

O'BRIEN:

Why not?

PRIME MINISTER:

Because the guidelines say you've got to get rid of shares in a company that's operating in the area of your portfolio responsibilities.

O'BRIEN:

But what about the demonstration...

PRIME MINISTER:

No that's not, that's not, that's not operating in the area of the portfolio. He can't divest shares in those high tech companies because he doesn't own any shares in them.

O'BRIEN:

But he has a substantial share holding in a company that he founded which...

PRIME MINISTER:

But Kerry it's not the parent company. It's an entirely different matter from Boral and Boral.

O'BRIEN:

Does or does not the company in which he has shares stand, potential, to benefit from the successes of those companies in which...

PRIME MINISTER:

No Kerry, look at the guidelines. I mean, we're talking here...

O'BRIEN:

Let's talk about potential conflict of interest...

PRIME MINISTER:

No, no, no, no, no. Well we'll talk about potential conflict of interest, we'll also talk about the guidelines.

O'BRIEN:

You've made much, going into the election campaign, of public trust and restoring trust in politicians...

PRIME MINISTER:

I continue to do that and I am making the point that we need to look at the desirability of having a situation where people who've got share holdings are not frightened out of going into politics and I think it's very, very important that that be examined...

O'BRIEN:

Sorry before you go on can I please ask you couple of questions that relate specifically to the issue of perceptions of conflict of interest? That is at the heart of this.

PRIME MINISTER:

Sure sure. Ah, yes.

O'BRIEN:

That is at the heart of it. John Moore has a substantial share holding in Bligh Venture Capital Company.

PRIME MINISTER:

Yeah, he has two to three per cent. I'm sorry, you call that substantial?

O'BRIEN:

Well in terms, what are the values of the shares?

PRIME MINISTER:

No, no, no I am told, I was told before I came on to this programme that there are seven million issued shares in Bligh Ventures of which he holds 43,000...

O'BRIEN:

So the principle relates to how much you've got, not whether you've got any or not?

PRIME MINISTER:

No, I'm applying your standard of a moment ago. You were talking about controlling interests...

O'BRIEN:

I'm suggesting that there are many people in Australia who would find the value of that...please...

PRIME MINISTER:

No, no, no, you please, you asked me the question.

O'BRIEN:

You've made the point.

PRIME MINISTER:

I don't think you've allowed me to. Two to three per cent is hardly a controlling interest.

O'BRIEN:

I'm not suggesting it's a controlling interest, I'm talking about the value of those shares and I would suggest to you that for most Australians the value of those shares is substantial.

PRIME MINISTER:

Look, any share holding of that is substantial but that is not the point. The point is whether you control the company in such a way that you can benefit. And if you hold two to three per cent, which I understand to be his percentage, and bear in mind that he's been trying to sell them, he's been trying to sell them since May. But I just go back again to the guidelines, the guidelines don't require them to be divested.

LYNEHAM:

I'm sorry, I understand that and you have made that point. Would you please let me just in return ask the question, the clear question about conflict of interest. I would have thought it's not just a question of control, it isn't a question of potential profit, I don't want to cast any aspersions on John Moore...

PRIME MINISTER:

Well, I hope you don't.

O'BRIEN:

But we're talking about perceptions.

PRIME MINISTER:

... I hope you don't.

O'BRIEN:

We're talking about the potential for perceptions. And in this instance does he not stand potentially to profit via his investment in Bligh ventures from decisions that the Government is making with him as the Minister that relate to bounties, and to other ... to research and development assistance and so on?

PRIME MINISTER:

But you could equally say that somebody who has a superannuation policy with the AMP stands to benefit if the Government takes a decision to give a tax advantage to a company in which the AMP has invested... and it is the same formal corporate linkage. Now, if you applied that principle you'd be asking questions of a very large number of members of both sides of the

Parliament. I mean, that is why the guidelines are drawn in a way where what has to be looked to is the shareholding of the Minister concerned. You can't, if you invest shares in a company which in turn has minority holdings in other companies and you have only 2 to 3%, you can hardly be said to have a controlling interest in those other companies. Nobody has produced to me any evidence of a conflict of interest so far as John is concerned. I mean, the Opposition today were talking about decisions taken in the R&D area, I mean, the only decisions that have been taken in the R&D area are decisions which in fact have reduced the benefit. So if we apply...

O'BRIEN:

The point about the computer bounty is that the computer bounty was retained for at least a year in the budget where other bounties went in your last budget.

PRIME MINISTER:

Yes, but there wasn't an additional benefit given.

O'BRIEN:

But there was a benefit retained.

PRIME MINISTER:

But you could say to them if you don't remove a tax concession... I mean, where does it end? I mean what this exchange has really highlighted Kerry is the desirability of looking at the blind trust. I mean, you said at the beginning you are not making any allegations about John Moore and neither should anybody make any allegations against Jim Short...

O'BRIEN:

There isn't a clear allegation against any of them. It's all the issue of perception of conflict.

PRIME MINISTER:

Can I say there is no allegation against any of them of dishonesty or impropriety.

O'BRIEN:

That's understood, that's understood.

PRIME MINISTER:

I have accepted the resignations of Short and Gibson because they breached the guidelines. I am not requiring a resignation of Moore because I don't believe that he's breached the guidelines and nothing the Labor Party has done today has demonstrated that to me. I have additionally said that

out of this whole exercise where I have enforced very very tough guidelines and some people may even argue unfairly tough in relation to Jim Short and Brian Gibson, but nonetheless I have, I think out of all of it, one of the things that does need to be examined is this whole concept of blind trust. Because if we get to the stage in this country....

O'BRIEN:

But the concept of blind trust has been around for a very very long time...

PRIME MINISTER:

But it has never been introduced.

O'BRIEN:

But there are those who might say that if your ministers don't fit the guidelines then you change the guidelines to suit the ministers.

PRIME MINISTER:

Well, I haven't changed any guidelines but do you think it is fair...

O'BRIEN:

But aren't you raising that prospect of introducing blind trusts?

PRIME MINISTER:

I am raising the prospect, I mean, they could be added to the existing guidelines.

O'BRIEN:

Okay, John Howard, thanks very much for talking with us.

ends.