



PRIME MINISTER

15 October 1996

TRANSCRIPT OF THE PRIME MINISTER THE HON. JOHN HOWARD MP INTERVIEW WITH JOHN STANLEY - RADIO 2UE

E & OE

STANLEY:

John Howard, John Moore, do you think he should be sacked?

PRIME MINISTER:

No I don't, he's not breached the guidelines.

STANLEY:

You've just heard what Kim Beazley said.

PRIME MINISTER:

It was a very, very poor case. I mean the guidelines say that you can't have interests in companies which operate in your area of portfolio responsibility. Now, the company that Moore has an interest in is not an industrial company, it's not a tourist company, it may have small holdings of shares in other companies. But what Kim Beazley is really saying is that anybody who's got a superannuation policy with the AMP is engaging in the commercial activities of every company in which the AMP holds an interest. Now, that is palpable nonsense. On that basis nobody who's got a superannuation entitlement, and most members of Parliament could be in that situation, have got any right at all. I mean, any Commonwealth public servant who's got money invested in the Commonwealth Superannuation Fund that in turn invest in hundreds of companies, is that Commonwealth public servant fixed with knowledge of the individual asset holdings of the Commonwealth Superannuation Fund at any given time. I mean...I'm afraid Mr Beazley has sort of misunderstood the way in which these things operate. Could I just make one very salient point that nobody has made a cent at the expense of the taxpayer out of any of this. There's been no allegation of dishonesty or

impropriety. There's been no allegation that anybody has helped themselves, has taken advantage of their position. Neither Brian Gibson nor Jim Short, in a month of Sundays, has taken anybody down. Both of them have been forced to leave the Ministry - or in the case of Brian Gibson, cease as a Parliamentary Secretary - not because of any misleading of Parliament intentionally, not because of any wrong doing, simply because they were in technical default of the rules because they breached the requirement that there must be no appearance of a conflict of interest. I mean, Jim Short held shares in the ANZ Bank and there are tens of thousands of shareholders of the ANZ Bank. I mean, he took that routine decision to give a subsidiary of the bank a banking licence. He wasn't helping himself to anything. In the same way Brian Gibson is a shareholder with his wife - and it's their superannuation from his previous business activities - shareholder with his wife in the holding company of a company that he granted a futures exemption to. I mean, there's been no personal gain of any description. But they were technically in breach and in those circumstances - there was an apparent conflict of interest - they had to go. I'm very sorry about that, but they are the rules and they have been applied might I say, in the case of my government, a lot more toughly than they have been applied in the past.

STANLEY:

I'm just a bit confused about Mr Moore because didn't Mr Moore say, I think only yesterday he said that he was going to divest himself of these shares.

PRIME MINISTER:

Yes but the point I'm making is he's decided to do that for more abundant caution and not because the rules require divestiture. Look, I don't have any shares. I have not had shares since I entered ministerial politics in 1976 20 years ago. There's nothing in the guidelines that say I can't have them but I've just chosen not to have them. I just find it easier but I've got no right to say to people who don't own real estate, who don't own farms, who don't own flats, apartments, who don't invest in that fashion, I've got no right to say to them that under no circumstances can you have shares. You see, at the moment you can have a farm, you can have a block of units and you can negatively gear it and I am quite sure members of the former government did that. I think the former Prime Minister at one stage owned a couple of properties. Now I'm not criticising him for that. I'm just pointing it out and he may have, I don't know whether he got any investment income from it or not. If he didn't well, I don't make the allegation, but the point I'm simply making, John, is that not everybody chooses to sort of have the rather hermit existence that I did in relation to shares.

Now people can have shares and what I've now said is that I want to look at the concept of a blind trust and a blind trust is basically that if you've got an investment like shares, when you go into politics, you go into the Ministry, you hand over the control of it to some trustees. They make decisions, not on your behalf but one hopes prudently and when you leave the Ministry you take back control and you don't know what is happening and in that way you can keep your asset but you can be at arm's length from it. Now this has worked very well in the United States. I think it works in the United Kingdom as well and it will I think, you know, prevent the situation arising

where we are literally going to scare people who have share investments out of going into politics.

STANLEY:

Does that mean the existing guidelines really now are almost in limbo while this new system is worked out?

PRIME MINISTER:

No, no, no they're not in limbo and it's quite wrong of Mr Beazley to say that we're scrapping them. They've been in operation now effectively for about 20 years. The world has changed a lot in 20 years. Those guidelines were sort of based on a report done by the late Sir Nigel Bowen, the former Chief Justice of the Federal Court and they were done in 1979.

STANLEY:

You're still happy with those guidelines now?

PRIME MINISTER:

Many of them, yes I am, and I've applied them and they've been very tough, very, very tough indeed on two very decent men who've done nothing wrong. They have not paid enough attention to the detail of those guidelines. Neither of them has behaved dishonestly, neither of them has made a cent.

STANLEY:

I think that's generally accepted but..

PRIME MINISTER:

They are as honest as the day...

STANLEY:

Yeah.

PRIME MINISTER:

They were inadvertent, they were careless. They didn't pay enough attention to the guidelines and each of them has paid a very heavy price.

STANLEY:

In both instances, they discovered the problem by going through their own records.

PRIME MINISTER:

I mean, what can you do? I mean...

STANLEY:

Are you concerned that other Ministers might be doing similar searches now?

PRIME MINISTER:

Look, so be it. I'm not frightened. I'm not frightened of the consequences of the application of a standard that I've laid down. I mean, I can think of, I mean, talk about ministerial standards, I don't want to talk about the other side but I think if you look at what I've done compared with what a number of former Prime Ministers have done, you will see that we've imposed a... I mean, a lot of people are saying to me, John, you're too tough. A lot of people are saying that this is an unreasonable, unreal standard. Now I don't think it is but I do want to look at this blind trust concept and it may be that we can add that to the existing guidelines because I don't want a situation where people that have got decent share portfolios are frightened to go into politics.

STANLEY:

Has this been your worst week since the election politically?

PRIME MINISTER:

Look, I, it's not been a good week. I don't know whether I'd quite put it like that. I mean, you have some ups and downs in politics, of course you do, and if anybody imagined that the new Government was not going to have the odd glitch, then they're not real. They ought to get real. Of course you have glitches but we've maintained a standard. If anything, people will think that these people have paid a very high price for what was a technical glitch and nothing more. I mean, they haven't benefited. They haven't deceived anybody. They haven't consciously set out to cheat.

STANLEY:

Exactly, but you are confident that your other Ministers are now checking to make sure that they're fully in tune with the guidelines?

PRIME MINISTER:

I would have thought that after the experience of the last week that everybody who is the least bit remotely connected with any Minister is checking everything.

STANLEY:

Okay. John Howard, thank you for your time.

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