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PRIME MINISTER

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**TRANSCRIPT OF THE PRIME MINISTER
THE HON. JOHN HOWARD MP
RADIO NATIONAL AM PROGRAMME - PRU GOWARD**

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GOWARD:

Prime Minister welcome. You say that people with share holdings shouldn't be frightened out of going into parliament, thus the need for blind trusts. Shouldn't you have thought of that before two Ministers had to go?

PRIME MINISTER:

...(inaudible)...but it's a pretty funny sort of political leadership that just sort of sits on a static position and never responds to circumstances. The truth is that the two people have resigned. Look I'm sorry I'm getting feedback from this telephone, anyway I'll keep going. The truth of the matter is that two people have resigned because of their inadvertence in not paying attention to the detail of the guidelines. There has been, at no stage, any suggestion of dishonesty or impropriety of any kind on their part. What is involved, or what was involved, in both cases was the appearance of a potential conflict of interest. There was never any real conflict of interest in the sense that they knew they were directly enriching themselves from the decisions they were taking. It just looked as though they oughtn't to be taking a decision that effected a big public company in each case in which they respectively held relatively small parcels of shares.

GOWARD:

Yes, Prime Minister, the proposal of blind trusts though, what does that solve when Ministers, certainly when they start out, know they've got some blue chip stocks for example, BHP, and they'd have not expected even an independent person to sell them off and would that have really resolved the blind trust proposal?

PRIME MINISTER:

Well if I could just finish the previous answer. The situation is that in no case was there anything other than an appearance of a conflict of interest. There was, in fact, no direct enrichment and I think that point has to be emphasised. Now what I say should now be examined is the possibility that as an addition to or a supplementation or a variation of the existing guidelines, which incidentally have operated for about twenty years, is the possibility of having a blind trust arrangement whereby a Minister who's got some shares, when he or she becomes a Minister puts those shares into the hands of a trustee and that trustee runs the investment without reference to the Minister - including the sale of shares in the portfolio and the acquisition of others and at the end of the day merely renders a profit or the loss out of his administration of the shares. And in that way a person can be kept at arms length from the ownership of the shares. But by the same token, if I could finish... would not be required to divest.

GOWARD:

But what does it solve when the Minister would have known that if you've got shares in BHP that the trustee is very unlikely to sell them?

PRIME MINISTER:

Well you don't know, I mean, you don't know. Pru I'm not saying that we will definitely adopt this system. I'm just going to investigate it and in the mean time the existing guidelines, of course, remain on foot. Of course there may, as a result of the investigation, I may decide that it's not worth it. But I do think that we do need to avoid the situation arising where, however remote the connection, just because you own a share.... let me put it this way, let me pose a rhetorical question - do we want a situation where Cabinet Ministers in this country and Parliamentary Secretaries who incidentally are not highly remunerated who get just an allowance to cover expenses, they're in a different position from Cabinet Ministers - do we want to get to a situation in this country where no matter what your position you can't hold a share in anything?

GOWARD:

But Prime Minister doesn't that suggest that your guidelines, if they're not too tough, have certainly been too narrow? - that's the question.

PRIME MINISTER:

People argue that my guidelines may be too tough but of course nobody argued that when the guidelines were put out. People might argue it now, but nobody said when I published those guidelines and nobody privately said to me look I think these guidelines are too tough. I accept some people might see them as too tough.

GOWARD:

What do you think Prime Minister?

PRIME MINISTER:

Well I do think the operation has thrown up this situation where, you know, not matter what your share holding is and no matter how remote it is - I mean, you take somebody like Tim Fischer who's involved, he's got responsibility for trade, you could argue that every single publicly listed company in Australia in some way has a connection with trade because it has the potential to export or it has the potential to produce something for competition against imports. So in that sense you're saying he shouldn't own shares in anything but that would be plainly ridiculous.

GOWARD:

Prime Minister are you frustrated with your Ministry. I mean, ever since John Anderson had this problem early on and divested they should all have known that this was coming. I mean, isn't it a terrible comment on your Ministry that they didn't take your guidelines seriously?

PRIME MINISTER:

Well I don't think it's a terrible comment on my ministry as a whole because a large number of them don't have any shares, or if they do have share holdings there's absolutely no suggestion of any technical breach. I mean, neither Short nor Gibson, I repeat again, did anything wrong. They didn't profit, they weren't venal in any way. They were in technical breach of the guidelines and they had to go. Now of course they should have paid greater attention to the detail and I wished it hadn't happened but that feeling of course doesn't extend to the entire ministry - it would be plainly unreasonable. In the atmosphere that an event like this generates you'll always get ridiculous charges levelled against some people such as the attack on Tanya Costello who'd bought some Commonwealth Bank shares out of her own money and plainly her husband was not in breach of the guidelines. He'd read them very carefully and he did everything exactly as requested by the guidelines. But that didn't stop him being attacked. It didn't stop the press putting his photograph and his wife's photograph on the front page and it didn't stop one newspaper saying that his wife's ownership of the shares had suddenly been revealed when in fact her husband put them on the public register two and a half years ago.

GOWARD:

Prime Minister, looking specifically at John Moore who, as you know, is in the spotlight the report of Bligh investments to the stock exchange makes it clear that Bligh investments have investments basically in four companies. It declares its main interest to be management. One of the holdings is as large as 25% and there are at least three sets of common directorships, some common directorships. Doesn't that suggest that it isn't a hands off superannuation type operation and that it is necessary to look at the Minister's decisions in acts which might effect the operations of those four companies?

PRIME MINISTER:

Well I don't think so. The question is whether it complies with the guidelines. I mean, if people have been required to go because of their non-compliance with the guidelines, equally it's not reasonable to say that people who have complied with the guidelines oughtn't to go. Now Moore has tried to sell those investments in Bligh since he became a Minister. He sold some of them - it's a very liquid market. But he is not, I repeat, not in breach of the guidelines because the shares that he owns are not in the companies that are operating in his area of portfolio responsibility.

GOWARD:

What computer software and hardware Prime Minister?

PRIME MINISTER:

Doesn't own shares in those companies, I repeat, he doesn't own shares in those companies.

GOWARD:

But Bligh Ventures has a very substantial parcel, I mean 18% in J-Tech, 25% in point of sale technology and RSM?

PRIME MINISTER:

Because I've had them read out to me before. Please, I simply make the point that in no case is there a controlling interest held. He holds two per cent in company A, which in turn holds a non-controlling interest, a minority interest, in these other companies. To fix him with responsibility for decisions that are taken in relation to those other companies is to stretch the guidelines beyond their means. Now you might argue that it should be otherwise but if we're talking about compliance with the guidelines, he doesn't breach the guidelines and he has altered his affairs so that he doesn't and that is why I think the claims that he ought to go should be resisted and they will be resisted. If I was satisfied that he was breaching the guidelines it would be a different matter, but I don't believe he is.

GOWARD:

Prime Minister what is your assessment of the damage this has done the Government and even yourself in the last few days?

PRIME MINISTER:

I didn't hear anybody saying that the guidelines should be different when they came out. I certainly didn't hear people from the Opposition, I didn't see you people from the media saying when the guidelines were published they should have been stronger or weaker. I will just apply

the guidelines as I understand their plain meaning and in the case of John Moore the plain meaning of the guidelines is that he hasn't breached them.

GOWARD:

Prime Minister the by-election to the seat of Lindsay on the weekend. How much damage do you think the events of the last few days will do your candidate Jackie Kelly's chances in that seat?

PRIME MINISTER:

Well, I suppose we'll know that on Saturday night. I think it is always difficult in issues that don't involve any wrong-doing, don't involve any personal profit, don't involve any decisions that have hurt voters, and don't involve any deliberate attempt to deceive, but you get a lot of focus from the Canberra Press Gallery and from the political media, it is very difficult to know whether those issues have much of an impact out in the electorate. Because the electorate is pretty smart. I mean, if it sees that somebody's being dishonest or being a phoney they'll react, until they are satisfied.... but I just really don't know and I think we'll just know on Saturday night.

GOWARD:

And Prime Minister, your assessment of the damage that these affairs might have done your own standing in the community?

PRIME MINISTER:

Well, that's for other people to judge. People take a long view. They don't just judge a person on one incident or one set of incidents. I've not behaved in any way improperly. I don't think anyone is suggesting that and none of my colleagues have. I would rather the events of the past week hadn't happened but anybody who thinks that you can become Prime Minister, you can be in Government for seven or eight months without something at some stage occurring that you'd rather not occur, is living in fantasy land. Of course you have problems when you are in Government. It is a question of how you respond to them and it is a question of how frequently they occur and it is a question of how quickly one returns to the main game. And the Australian people will make a judgement about me over a three year period. I'm not asking them to judge me on the events of the last week any more than I would ask them to judge me on the events of earlier weeks. They'll take a long considered view and just as I said before the last election I would accept their verdicts. I will happily accept whatever verdict they pass on me, I don't have pretensions about my position and I've absolutely no doubt that this Government will be a very solid, for the long haul government. It's got a lot of good quality people in it. I'm very sorry for what's occurred over the last week, but it hasn't involved any wrongdoing or any cheating or dishonesty and I think that's what will register with the Australian public.

GOWARD:

Prime Minister thanks for your time this morning.