

**MEDIA TRANSCRIPT**

**Prime Minister the Hon. John Howard MP, PRESS CONFERENCE -  
PARLIAMENT HOUSE  
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**E & OE**

Good morning ladies and gentlemen. I don't have anything specific to announce this morning but I thought it would not be appropriate to end the year, political year here in Canberra, without one more full-scale press conference.

I did want to make one or two very brief points at the commencement of the press conference in relation to some of the economic developments of the past couple of weeks. I think it is important to see those developments, particularly the falls in interest rates, as being part of a pattern whereby you do eventually get not only a good news story but also good economic news as a result of the right policies having been followed or the right developments having occurred in the economy. It's important to remember that the falls in interest rates are, at least in part - I think in large part - due to the fact that we now have very low inflation in Australia and that low inflation has been contributed to by wage restraint. And I again take the opportunity of thanking the working men and women of Australia for the wage restraints that they have evidenced over the past several years - and I quite deliberately say the past several years and not just and only the last nine months - and it is important to see the contribution that that has made.

And it's also important to see the contribution that the fiscal consolidation process - the reduction in the budget deficit in the budget brought down in August - the contribution that has made. And the point out of all of this is that there is good news at the end of the process. And it's important that the material rewards of good policy are both understood by and explained to the Australian community. And there can be no disputing the material value of cuts in interest rates and there can be no disputing the boost that that represents to the household disposable income of the great bulk of Australian families, particularly those who are paying off a home.

I guess the other point that I wanted to make is that that connection, those linkages, just as the linkages between the benefits of changes in levels of protection and the benefits of trade liberalisation, also need to be spelt out very clearly to the community. And there is an obligation on governments and there's an obligation on those who talk about and write about politics and about political and economic developments to constantly make those linkages so that we are not talking in the abstract about the desirability of particular policy changes, and that policy goals are not seen as ends in themselves but rather as means to achieving material benefits and higher living standards for the Australian people. So when I talk about the desirability of budget deficits being lower, I have in mind lower interest rates; when I argue for wage restraint, I have in mind lower interest rates because of the 'feed on' effect of wage restraint on inflation rates. And when we argue for trade liberalisation, we are talking about job generation and job creation. And there is a constant obligation on people in the political process and in the levels of government to make those linkages. Are there any questions?

**QUESTION:**

Mr Howard, you mentioned in your speech to Parliament the other day that you had several goals for next year - the environment, infrastructure, getting investment going - can you give us some more details about what you actually have in mind within those three headings and also tell us a bit more about your Project Facilitator?

**PRIME MINISTER:**

Well, the Project Facilitator will be somebody who's had experience in business. He or she will be filling a debate and consultancy position on my staff establishment. I have several people in mind. I haven't decided on anybody yet. There's a number of people I want to talk to and I hope to make an announcement in the early part of next year - early in the New Year. The main purpose that this individual will pursue will quite literally be to push aside any roadblocks and to achieve, in the shortest period of time, Government approvals that are needed for major projects and able to have a fairly loose definition of a major project. We don't want to hamstring ourselves by having artificially high thresholds so far as major projects are concerned. I think there is somebody needed to fulfil this role. That's not to say the approval process is too slow at the present time. I think it can always be made faster. This will not, I should stress, be some kind of hunting license to push aside proper environmental or other concerns. But getting major projects going in Australia, not only for the value they have in themselves but also the downstream benefits they have for small business, is a very, very important part of the architecture of investment in this country and a very, very important goal to be pursued.

You asked me about some of the other things. If you ask me about next year, I think it's fair to say that next year will be very much about continuing to implement our agenda. I mean, we have quite a lot on the calendar already. We have the detail response to the Charlie Bell Report on small business deregulation by the middle of February. And when that comes down I think I will be able to say to the small business community, when you add in the benefits to the unfair dismissal laws going, the industrial relations reforms, the capital gains tax changes - which really are a very, very significant liberalisation of the tax regime for small business and that won't start until the first of July next year - when you add all of those things in together we'll be able to tell a very strong and active story in the small business area. We'll have the Wallis Inquiry in March; we'll have a focus on superannuation and savings policy in the budget; there is getting in to train the process of selling one third of Telstra; establishing the Natural Heritage Trust; there'll be further building on the Supermarket to Asia initiative and there is the need to keep up the pressure on microeconomic reform; Native Title reform will be back on the agenda because that will need to be debated again and a decision made by the Senate next year; there will be debate, obviously, on our proposals in relation to responses on the Head of State issue, and there'll be a few surprises as always happens in politics and it's always a pity to spoil surprises by speculating as to what they might be. But there is a very active agenda already being drawn up for next year. I'll be having a lengthy Cabinet meeting in Sydney on Monday and Tuesday next week to not only wrap up the year but also to throw ahead into the New Year and to talk about some of these issues and also to talk about some others.

**QUESTION:**

The other day you mentioned that you thought that large spending cuts were not needed in the budget next year. Could you elaborate more precisely on your position on spending?

**PRIME MINISTER:**

Well, I don't want to pre-empt what's going to be in the budget process, which incidentally will start fairly early in the New Year, because the budget's in May.

**QUESTION:**

When does it actually start?

**PRIME MINISTER:**

It starts, heaven forbid, in February. So we'll all need a bit of a holiday.

**QUESTION:**

Did you just say...

**PRIME MINISTER:**

Look, I'm not going to say any more than what I said the other day, I'm really not. The point I sought to make the other day is that we'd laid down in the budget \$4 billion, about \$4 billion, this year building to \$7.2 billion over a two year period leading to, in year three, to an underlying balance. Now, that remains the parameter and that remains the goal. There'll be a mid-year review which will be released in January by the Treasurer which will give us a clue as to how that's all going. I still don't know the final outcome in relation to some legislation in the Senate. I understand we had some success last night in relation to the R&D measures. So we're doing reasonably well, but we've lost a bit and we could lose some more, I hope we don't. I'm not going to get into further figures. I'm just going to say that, again, that we stay with parameter and the goal that was laid down in the budget.

**QUESTION:**

Any new spending would have to be offset.

**PRIME MINISTER:**

People will have a new spending proposal - a new policy proposal. The normal thing would be to seek offsetting savings. But I really am not going to go into any more speculate...we have a goal that was laid down very clearly in the budget that remains the goal and the parameter and we think it represented a significant achievement - that level of fiscal consolidation - and we're very keen to preserve those achievements and those gains.

**QUESTION:**

How quickly do you see the benefits of the industrial relations changes and the fiscal consolidation flowing through to small business and employment?

**PRIME MINISTER:**

Well, the first thing that's got to happen is that they've got to come into operation. I mean, I actually read a story somewhere the other day - perhaps it was a report of somebody's comment - that the industrial relations reforms had failed. I mean, they

haven't even come into operation. They don't start until the first of January. Now, they will take time. And I think it is very important - and I take the opportunity of saying this in relation to unemployment - but that is going to take time and I went to some lengths yesterday not to exaggerate the good news out of yesterday's figures. I acknowledged that - and I'll say it again - that it's always unwise to put too much emphasis on one month's figures. I was pleased that it was the best figure since July and I was pleased that you'd had two months of employment growth. And psychologically coming the day after the interest rate cut it certainly injected a note of confidence. And I endorse that confidence but I also enter the caveat that it's a long, hard road on unemployment and you'll need a whole lot of things over a period of time working in a way that gives you maximum impact and maximum success. You need the IR changes to work their way through, and they do provide a lot more flexibility; you need the benefits of lower interest rates to work their way through into higher growth; you need the benefits of trade liberalisation to work their way through into more jobs and more exports; you need microeconomic changes, freeing up supply bottlenecks. I've said always that the two things that are most needed to get lower unemployment are higher growth and microeconomic reform, removal of the supply bottlenecks, particularly but not only in industrial relations.

Now all of these things will take time and I don't want to pretend to you or to the Australian people that they won't take time and there's no merit in sort of proclaiming premature and illusory victories in any of these areas. It's unwise and it devalues the process and it causes disappointment if and when things go in another direction.

**JOURNALIST:**

So taking up some of your points on inflation in terms of your introductory comments, as you are aware, JEFEG met this week. I think it started a meeting on Monday, and the early indications are that JEFEG has decided to revise down the budget forecast for the underlying inflation rate and the headline inflation rate. Would you confirm that and would you like to...

**PRIME MINISTER:**

No I won't confirm anything. I haven't got JEFEG's report yet and I'm not going to confirm speculation.

**JOURNALIST:**

If JEFEG has in fact revised down its inflation forecast, what would you see as the implications for...

**PRIME MINISTER:**

Well I don't answer hypothetical questions.

**JOURNALIST:**

How quickly would you see the business community actually adopting the industrial relations, the Australian workplace agreements, enterprise bargaining?

**PRIME MINISTER:**

Well the indications I have are that they will, particularly in the small and medium sized end of the

show, adopt them very quickly, very quickly.

**JOURNALIST:**

Before the election you made it clear that you would be very disappointed if youth unemployment didn't come down significantly. How confident, is that the number one priority for the next year and how confident are you that you will see significant results in the next twelve months?

**PRIME MINISTER:**

Michael, the best thing I can do is to see that all of the arms of Government policy and decision making are directed towards trying to reduce unemployment, commit my Government to work very hard to do that, push as hard as I can to get policies which are going to have a beneficial effect on unemployment in place and working and as you know, I make the point again that some of the specific policies that we have brought in to help reduce unemployment haven't really been allowed to operate yet. Now the IR changes will come in on the first of January. I mean, the unfair dismissal law against which we so properly railed for so long is still there right at the moment as I speak. It won't be until the first of January that the Brereton law will finally be swept away. The changes in relation to capital gains tax will begin to bit on the first of July. I think they will, when they are widely understood in the small business community, they will bring about a very significant shift in investment flows into small business. I mean, you've got a situation where up to \$5 million in value, this is you can sell one business and buy another up to \$5 million and they can be completely dissimilar businesses without incurring any liability for capital gains tax. Now that's a very significant change in the investment climate and the risk taking climate for small business.

Now these are still to bite. Now I'm not complaining about that because we set the first of July next year as the commencement date in the election policy but I am trying to explain in mentioning those starting dates that a lot of these things are yet to bite and therefore for me to start trying to put dates and figures on when the beneficial effects of those things biting, I just can't do that but I really want the community to understand that there is a time lag involved in these things and I accept that and that's one of the reasons why I am not making exaggerated claims about what may have occurred yesterday. I mean, I am very pleased about what occurred yesterday and if the drop in unemployment and the rise in employment brings more confidence and helps consumer confidence, that's a terrific thing but I just want to react to it accurately and sensibly.

**JOURNALIST:**

What specific work has the Cabinet Employment Committee done so far in relation to the employment issue?

**PRIME MINISTER:**

Well, we've begun to look at microeconomic changes that can have a beneficial impact and we've commissioned a study on a number of other issues that bear on levels of employment, or might bear on levels of employment. I don't for reasons of, proper reasons of confidentiality that you will understand, I don't want to elaborate any further. It's a committee that, we've also looked at aspects of the new approach to labour market programs and the new approach to the employment market. We've spent quite a bit of time examining those. I don't really at this stage Geoff, want to go into any more detail for reasons of confidentiality.

**JOURNALIST:**

By emphasising the lag time in relation to the effects of policies coming in, are you indirectly saying to us well, hold your judgement on our performance on the employment front, and if so, could you give us a time frame in your own mind when you think it's going to be fair for the Australian people to make an assessment as to whether your policies are working or otherwise, on the jobs front?

**PRIME MINISTER:**

The Australian people will decide when and how they judge us and it's not for me or for you to sort of lay down when the Australian people will make a judgement about us. That is for them and it's uniquely within their gift to do that and I'm not going to say well, Australian people, by such and such a date and not before then, you can make a judgement on us. I mean, that would be presumptuous. I am not going to do that. I am not trying to overemphasise it. I am trying to talk factually and accurately. I think it's very important at this stage in our economic development that we do that and I think it's also very important to remind people that in an area as crucial as industrial relations, the law only commences on the first of January next year. I mean, a lot will happen in the first half of next year. You will have the start of the industrial relations law. You will have one billion dollars of family tax initiatives. Family tax cuts come into operation at the beginning of January. You will have the Government's response to the small business deregulation taskforce, you will have the receipt of the Wallis Inquiry. All I am endeavouring to do is react in an informed, balanced fashion. I think the economic steps that we have taken over the last nine months have been excellent and I am very pleased about the developments on the interest rate front. I am very pleased about the development on the employment front. I am not trying to gear back expectations. Equally, I want the expectations to be realistic and I want people to understand that you can't make a judgement on the effectiveness on a law within a few months of its operation, let alone before it's even begun to operate. So I think it is important that those sequences be emphasised.

**JOURNALIST:**

On the issue of race, yesterday the Social Justice Commissioner laid the blame largely at your feet for the, he's quoting you, now insidious rise in racism. Do you acknowledge that racism continues to be a problem and what can you do next year to try and put a lid on it?

**PRIME MINISTER:**

Well I thought Mr Dodson's remarks were inaccurate and quite intemperate. They didn't really do his own cause a great deal of justice. I'd point out that yesterday I had a brief but very constructive meeting with the new board of ATSIC. I had previously had a discussion with the new Chairman of ATSIC, Gatjil Djerrkura. There seemed to me to be a willingness on the part of the new board and the new Chairman to work in a very positive way and think about the future in this area rather than the immediate past and I welcome that. I welcome that very warmly and I can only repeat what I said in the Parliament yesterday, that we are very committed and genuinely committed to the process of reconciliation. I do want to in 1997 demonstrate very clearly that although I will do things in Aboriginal affairs somewhat differently from the previous Government and the previous Prime Minister, my personal commitment to doing something to improve the disadvantage of the Aboriginal people is no less than his but I will do it differently.

**JOURNALIST:**

When will you go and visit Aboriginal communities?

**PRIME MINISTER:**

I have had some discussions already with some people regarding that including the

Chairman of the Council for Aboriginal Reconciliation and when I am in a position to indicate when I will be doing that, I will let you know, but I have spent some time over the past few months constructing the broad outline of my diary for next year and it will involve a great deal of travel around Australia. But I don't want to visit Aboriginal communities in settlements in any kind of tokenistic sense but I do want to visit them.

Like all Australians who in their upbringing have not had much contact with Aboriginal people, and I guess like many others I didn't, I have a lot to learn and understand about their culture but I will be approaching that on a basis of goodwill, recognising that I bring some different perspectives and a different way of doing things and I think part of the difficulty that has occurred in the past in this area is that some people have been reluctant to accept that when you have a new Government, even though the commitment to achieving the end result may be no less, because the way of doing it is different, resistance builds up and I think we can put a lot of that behind us.

I think the changes that we have made in relation to the ATSIC board are good. I welcome all of the new members to that board and congratulate those that have been re-elected and I think we can work in a very constructive fashion but I don't pretend that it will be argument or debate free and neither it should because it's a difficult area and I don't have instant solutions to things like deaths in custody. I mean, that's a problem that's bedevilled Liberal and Labor Governments at a state and federal level for a long time and it's the product, as I said in Parliament yesterday, it's a product of the social disadvantage and disintegration of Aboriginal communities. It's a product of the high incarceration rate. Because there are more Aboriginals in custody than other Australians, inevitably the number of deaths in custody is higher although I understand it's still broadly the case that the rate is no different, but there's just such a sharply higher proportion of the Aboriginal community in custody.

Now that is a very difficult issue to respond to. You can't just simply say well, we won't have any more custodial responses. It's not quite as simple as that. That's not to say you couldn't work out in relation to some levels of activity alternatives to custodial sentences.

**JOURNALIST:**

Mr Dodson was particular critical of your response to the Larrakia claim over public land in Darwin, saying you were criticising them for the mere exercise of their legal rights. Does he have a point?

**PRIME MINISTER:**

No I don't, look he's entitled in a free society to say what he chooses and I'm not going to overreact to that. I mean, I think the whole cast of the remarks was intemperate and over the top. There are weaknesses in the Native Title legislation. We're endeavouring to remedy those but we won't do anything that violates the fundamental principles of that legislation or indeed the Mabo decision.

**JOURNALIST:**

With the benefits of hindsight, do you think the Government could have handled the communication in this new approach in the Aboriginal Affairs area earlier. Do you think that some mistakes were made by the Government that you've now put behind you?

**PRIME MINISTER:**

Well, no I mean, look in a finite sense all Government's make errors and we've made some and we'll make some in the future. I think in a sense some of this shaking out process was inevitable because we are just doing things somewhat differently and we do have a different emphasis. The emphasis on economic independence that Senator Herron spoke of in his address at the university a few weeks ago which has been picked up by the new Chairman, that is different from that of the former Government. I mean, they will comb through and find a bit in the speech that says 'economic independence' but it really wasn't the emphasis of their approach. So I don't think we made any major mistakes - I don't. I think John Herron has done a great job. I know he has been criticised by a number of people in this room. I always was publicly and privately very supportive of him because I knew in him I had a person whose instincts were absolutely... they were well placed, his motives were correct and he had great personal application to the job and a great deal of personal compassion and commitment to trying to do something practical to remedy disadvantage. Now, people will comb over a criticise different ways of doing it, but I think as time has gone by the wisdom of his approach and the Government's approach is winning wider acceptance. Now, I don't want to put it any higher than that because this is a difficult area and I understand that and it requires communication not only to the Aboriginal community but to the rest of the Australian community. Because you can never underestimate the immense damage that was done within the wider Australian community to the cause of accepting the need to continue to do special things to help the Aboriginal community by things like the Hindmarsh Bridge. I mean that is something that just was the most massive turn-off to the rest of Australia and it was one of the - I think - the most ignoble features of the former Government's handling of policy in this area.

**JOURNALIST:**

On the issue more generally of race though, the Hanson race issue, are you happy or do you think that racism continues to be a problem more generally in the community, and what will you do about it in 1997?

**PRIME MINISTER:**

Well, I don't believe that Australia is a racist country. I think I've been asked this before but..

**JOURNALIST:**

...inaudible....you'd have to concede...

**PRIME MINISTER:**

Look, there are racists in Australia, of course there are. There are racists in every country. As the Far Eastern Economic review pointed out in its editorial that was reproduced in the Sydney Morning Herald a few days ago, Australia compares rather favourably with many other countries in this area. That's a point that was made by President Clinton. Look, I will continue to publicly repudiate racism. I will continue to put the views that I did during the debate on the motion in the parliament, I'll continue to express the sort of view that I did yesterday in response to the question asked of me by Clyde Holding about the activities of the Larouche organisation. But I have to say in the context of this that it is very important that we don't sound apologetic to the rest of the world on the issue of racism because our credentials are very creditable indeed, they are far ahead of most and they are certainly not things that we should be defensive or apologetic about, whilst

acknowledging as I frequently have, that there are dark stains on our history of which the treatment of the Aborigines is obviously the most prominent.

**JOURNALIST:**

You said at the beginning of the year immediately after the election that you wanted Australia to be more relaxed and comfortable. How far progressed do you think that is? Has there been a change in societies attitudes?

**PRIME MINISTER:**

It's sort of become by design or whatever my label. I actually used it in the context of an attitude that we should have towards, an attitude of confidence as to what sort of people we were and what we had achieved and how we were regarded by the rest of the world. That was the context in which I used it, although I am quite happy if people give it a wider application. I don't underestimate the amount of stress and the difficulties in adjustment in so many walks of life, so many ways of life has imposed on the Australian community, and I think in understanding that we have asked a lot of our fellow Australians over recent years, we've asked them to accept a lot of change and we have to ask them to accept more change in the future, if we are to secure some of the economic beach heads that we want and it is very important that you do a number of things. It is very important that you don't use overdramatic or exaggerated language in either claiming things or declaiming things. I think it is very important that you where possible understand the level of, I suppose, concern and anxiety there may be in the community about the incidence of change and I think part of the process is to feel self-confident as a people and as a nation and not be constantly told that we have to apologise to the rest of the world or apologise excessively for what may have gone before us.

**JOURNALIST:**

Have you succeeded though do you believe....

**PRIME MINISTER:**

That is something for other people to judge. I can't make that judgment. I talk to the Australian people a lot, I spend a great deal of time meeting people and I'll spend even more time meeting people next year because it will be a time in which I travel around the country a great deal. I have a sense in which I'm succeeding from those exchanges but that ultimately is not for me to judge. It would be impertinent of me to even try.

**JOURNALIST:**

On the point of more change, Mr Howard, you just mentioned. Does the record of the Senate over the last few months give you confidence and greater ambitions about what you would like to do in this current term of the parliament - try to achieve more than you sort of originally foreshadowed or that you originally thought you could achieve.

**PRIME MINISTER:**

Well, I'm very pleased that Senators Harradine and Colston supported our Telstra legislation and have supported other legislation and I was very pleased at the negotiation between the Democrats and I don't want to in my thanks forget to thank the Democrats for supporting our industrial relations legislation. I think it is very important that that be

said. I'm encouraged by what's happened over the past few months but we have an agenda and we are going to continue to push for that agenda and I mean, when I talked about surprises I don't want you to get sort of too imaginative about that, but there'll be a few surprises.

**JOURNALIST:**

Mr Howard, how high on the agenda is the question of trying to reform the waterfront?

**PRIME MINISTER:**

Oh that's a very important part of micro-economic reform which is...

**JOURNALIST:**

And when will we see a push on that?

**PRIME MINISTER:**

Well, it is an issue that is being discussed by me with the relevant Ministers and it will continue to be discussed over the next little while.

**JOURNALIST:**

But what about action?

**PRIME MINISTER:**

Well, discussion normally precedes the action. Or action normally follows discussion.

**JOURNALIST:**

Could you be more precise about when...

**PRIME MINISTER:**

No, I won't be more precise than that.

**JOURNALIST:**

In relation to the issue of the pace of reform. There are many people in the business community either publicly or privately who contrast your style with that of Peter Costello's. They describe Peter Costello's approach to reform as capital R revolution and your's as capital E evolution. How do you respond to those sorts of comments. Do you think they are unfair and do you see that there is a risk of a possible split between Mr Costello and yourself over the next two years on the pace of reform?

**PRIME MINISTER:**

No.

**JOURNALIST:**

On the republic. As Prime Minister, have you changed your view about the inevitability of becoming an Australian republic?

**PRIME MINISTER:**

I'm trying to remember precisely all the various formulations that I've used in the past. I mean, Geoff, my view is as follows. I do think the present system works very well. I don't think it is going to make any material difference if we change and we have to be very careful if we were to change that what we changed to is as stable and as coherent as the system we have at the present time. I've also acknowledged, and it is a fact that the attitude of the Australian community towards the constitutional monarchy is quite different now from what it was 30 or 40 years ago. It is quite different, and there is with the passage of time an acceleration of that process. But I've also I suppose invoked the Benjamin Franklin injunction that the only two things in life that are inevitable are death and taxation and I have a Burkeian view of life that you don't change institutions unless they are demonstrated to have failed. But I think the process of changed attitude continues, so if that means, I mean, in theory nothing is inevitable, in practice obviously it more likely now than what it would have been thought to have be the case 10 or 20 years ago. But then, because it is a bit of an unpredictable thing, I remind myself of a conversation I had with the Canadian Minister for Consumer Affairs in Ottawa in 1977, which is over 19 years ago. It was my first visit as a Minister and we had a luncheon and we had a toast at the luncheon to the Queen of Canada and he turned around to me and he said 'well, you know, we probably will have to pretty soon here change this system because it really does need changing'. Now that was 19 years ago. In fact, the Republican push in Canada was stronger in the 1970s than it is in the 1990s. Now there are countervailing influences. Some people argue that the proximity to the United States is a reason why it works in a subtle way to reinforce links with countries other than the United States. Now I just throw that in but, look, in the end there will be a vote on this and people will make a decision. I've been very open about my own view. I was open about it before the election, I'm open about it now. I'm not trying to stall the process but I'm not going to be stampeded into a handling of the process that is less than the best you can have. It's not like an election, you can't keep revisiting constitutional change. I mean, if we changed to a republic we're not going to have another vote in three years time as to whether we'll change back. So that's perhaps picking up a comment that was made in the SMH editorial to the effect that elections, you'd have elections that are decided by narrow margins. I think something like a profound constitutional change is different than that.

**JOURNALIST:**

Will people be ready to vote on this by the Year 2000 in your view?

**PRIME MINISTER:**

What at a referendum? My feeling at the moment is that, I mean, I would be surprised if - I think I've said this before - I'd be surprised if there were the kind of momentum for a unifying change by the Year 2000. But I mean, I may be wrong. These things change as time goes by. I mean, there was obviously quite a shift in public opinion in Australia on this issue between, sort of, late 80s and the early 90s and sometimes these things they go in, not fits and starts, but you have a lot of activity and a shift and then it slows down for a while and then it spurts up again.

**JOURNALIST:**

You're still committed to the plebiscite before the next election though aren't you?

**PRIME MINISTER:**

No, I've never said that. What I've said in relation to votes is that the Australian people will have a vote on this issue before the turn of the century. I don't recall having said, if I did it was a mistake and rendition of the policy, I don't recall having said that there would be a plebiscite before the next election.

**JOURNALIST:**

So you'll see the plebiscite as meeting your commitment in terms of the electorate having a vote on the issue before the turn of the century?

**PRIME MINISTER:**

What I'm saying, John, is that the people will have a vote on this. I'm not going to, once again, get into hypothetical questions. We are considering all of the options right at the moment and I said a few days ago that I'd make a considered statement about it in the new year. Now I'm not going to get into any further sharp responses on the policy. Geoff Kitney invited me to, sort of, think in more general terms about it which I've done which is quite a different thing. Look, we are handling it, we're going to produce a process that will enable, which will make all but the unreasonable feel that they are completely involved in it and there'll be a vote. I'm not going to stall it or shove it under the carpet but equally I'm not going to be stampeded into laying down an agenda which is less than ideal. I have the very strongest view that if we are to change it should be in circumstances that unites the Australian community and not in circumstances that divide us.

**JOURNALIST:**

If you're talking about the plebiscite beyond this term than that's no longer a commitment to ensure the people have a vote. Because you can give no commitments beyond this term.

**PRIME MINISTER:**

That will be covered when I make a statement.

**JOURNALIST:**

Do you agree with Mr Fischer's comments from last Friday that he'd prefer to see you opening the Olympics rather than the Queen?

**PRIME MINISTER:**

I didn't know he'd said that. Any way...

**JOURNALIST:**

Well how do you feel about...

**PRIME MINISTER:**

Well look, how do I feel about the opening of the Olympic Games? I think, look, I seem to remember saying some three or four years ago when I was certainly not Prime Minister and certainly not Leader of the Opposition that I thought there was a good case for the Prime Minister of the day opening the games. I think that's part of the discussion that's going on at the present time. I'm not hankering to do it. We'll just see what emerges. I'm certainly not hankering to do it.

**JOURNALIST:**

On the gun issue, were you satisfied the gun buy back scheme has been a success?

**PRIME MINISTER:**

Well I understand that as of last Friday, or is it today, there are 228,000 fewer weapons in Australia than there were 12 months ago which is a remarkable achievement. I've even got a pen here which I was given the other day by the Chief Minister of the Australian Capital Territory which is made out of gun stock by the Richmond Foundation here in Canberra which includes quite a number of people who, sort of, had some troubled background. I suppose it's a modern example of beating swords into plough shears. I mean, it's just an example of, I suppose in a peacefully symbolic way, of what has happened.

**JOURNALIST:**

But even though people are handing their guns in they're also buying legal guns.

**PRIME MINISTER:**

Well I can only tell you what the figures are and that's a net figure.

**JOURNALIST:**

Mr Howard, you talked about Mr Herron's performance this year. A number of other Ministers have been criticised, Kim Beazley suggested you should sack Alexander Downer.

**PRIME MINISTER:**

I won't be.

**JOURNALIST:**

How likely is there, what's the likelihood of any sort of reshuffle in the next 12 months?

**PRIME MINISTER:**

I have not intention of having a reshuffle. You will understand that I'm not going to, just as I'm not going to grade relationships with countries, I'm not going to start grading ministerial performances. I'll talk generally and say that I am very well satisfied with the way my Ministry has performed and I don't have any plans for a reshuffle.

**JOURNALIST:**

Mr Howard, in your preview of next year you didn't make any reference to the COAG process. Are you concerned that the COAG process has run off the rails and has lost momentum and do you have an plan to try and reinvigorate it and try and break through what now seems to be a very complex bureaucratic web that's wrapped around it and ground it to a halt?

**PRIME MINISTER:**

Well I didn't mention it that's true that doesn't mean to say I've lost interest in it. I would point out, of course, that one of the things that we are trying to do in these areas it that where you can actually achieve something such as the Victorian IR hand over you certainly go ahead and try and do it. The Commonwealth State area is littered with grand speeches and heroic declarations - the big changes that have been achieved in this area have really been achieved through a pragmatic seizing of an opportunity, going through an opening when it suddenly presents itself and I'm going to continue to do that. I think you can probably achieve some packages, if I can use that expression, in this Commonwealth State area in a less grandly announced fashion than...

**JOURNALIST:**

So you're saying the COAG process has got problems then?

**PRIME MINISTER:**

Look, the COAG process is always going to be a fairly tortuous one, always, and the meeting that we intended to have a few weeks ago was aborted at the last moment because of the Western Australian election but I do intend to reconvene that meeting in the first half of next year...

**JOURNALIST:**

Sounds like you don't have high expectations?

**PRIME MINISTER:**

Well no, I'm not saying I don't have - I'm trying to get the expectations at a realistic level. I watched what happened with Bob Hawke's new Federalism. That had the support of Nick Greiner, the Liberal Premier of New South Wales, I seem to think to recall it was sunk by my immediate predecessor in the Office of the Prime Minister.

**JOURNALIST:**

Mr Howard, in terms of some of the State Premiers they've been pushing for tax reform which in many quarters has taken as code for GST. Do you think there's a risk that some of those Premiers are pushing the tax reform issue so strongly that it will end up being counterproductive and forcing you to knock GST on the head forever?

**PRIME MINISTER:**

I don't think anything my State Premiers do is counterproductive.

**JOURNALIST:**

Mr Howard, just on foreign investment. Do you see this as something that the public, weighing up the benefits and the concerns of foreign investment that the public are confused about, do you see it as an issue that's going to bubble along next year and how easy is it to explain given how motive the issue is - the values that follow it to the public?

**PRIME MINISTER:**

There's always been an ambivalent view and an unsympathetic view in general in the community about foreign investment. I probably have it too, I mean, I would rather everything be own by Australians - I would. In an emotional sense I think Australian ownership beats the ownership of anybody. But we don't have that luxury. We need the savings of foreigners because we don't generate enough of our own and if we want the living standard we now enjoy, even a higher one, we're going to have to for a long, long time into the future take foreign investment. So it's an argument that has to be constantly put and I will, I have over a long period of time, put that argument - I put it again the other day in the Parliament and I'll continue to put it. Now it's not necessarily a popular view. I mean, out there people would, and I understand it when they see great brand names disappearing I understand all of that, but it just emphasises the need to...(tape turn over)...position. I think I'll take one more.

**JOURNALIST:**

Can I ask you about the Western Australian election. Would you have a message for West Australians.

**PRIME MINISTER:**

Well the message I would have for Western Australia is Richard Court, overwhelmingly, deserves to be re-elected but they've had a very weird distribution and nobody in Western Australia should go into the polling booth tomorrow thinking they have the luxury of a protest vote because it's - otherwise you could have a strange outcome. I think it's very important that that be understood. But I wish Richard well. We have a close working relationship. He deserves to be re-elected. He's run a very good government and I hope he wins and wins handsomely.

**JOURNALIST:**

On Telstra there's been some confidence that you could do better than \$8 billion or could get as high as \$10 billion. If you do better than the \$8 billion will that go to the budget bottom line or ...

**PRIME MINISTER:**

Oh well that's a hypothetical question. I don't know how well we'll do. I mean, we may do, I mean, \$8 billion was a realistic estimate but we haven't really got into thinking about it, we're just working on the basis that we'll get around about \$8 billion and \$7 billion will go into retiring debt and the rest into the Natural Heritage Trust. We haven't really thought about the possibility of any more. But I certainly, I suppose I'd say I have quite an interest in further debt retirement but it's quite hypothetical at this stage.

**JOURNALIST:**

Prime Minister can I ask - on Telstra you know that you've got the sale secured. Will you

wait for the sale to go ahead before putting the funds into the Natural Heritage Trust or will the environment fund...?

**PRIME MINISTER:**

I think in relation to some of those funds I would have to go away and check I don't want to give the wrong answer. I think we have already announced there's some money that, once the legislation had gone through, that we were going to put in but I better take a rain cheque on that. Thank you very much and Merry Christmas.

**JOURNALIST:**

Will you be announcing Cabinet decisions next week?

**PRIME MINISTER:**

Well it depends what decisions we take. We could be making some announcements, I mean, I wouldn't all of you come to Sydney. You're always welcome but I don't think, look, I don't have any surprises next week. But we may have a few announcements out of it. Thank you and Merry Christmas.

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