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**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
INTERVIEW WITH NEIL MITCHELL - RADIO 3AW**

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MITCHELL:

Mr John Howard, good morning.

PRIME MINISTER:

Hello Neil, how are you?

MITCHELL:

I'm well thank you. We missed you at the Grand Prix yesterday.

PRIME MINISTER:

Well I was, unfortunately, I couldn't come because I had a meeting with the Prime Minister of Papua New Guinea, Sir Julius Chan. That meeting was arranged at the very last moment and I think people will understand, given the sensitivity which has now emerged in our relationship over the proposals to use mercenaries in Bougainville, that I really did have to take the opportunity of his presence in Sydney.

MITCHELL:

I understand. I'd like to ask you about that in a moment but first the, I'm sure you're well aware of the transport strike which we've been talking a lot about here which disrupted the Grand Prix, that was a tragedy wasn't it?

PRIME MINISTER:

Well I thought it was...I mean, strikes of that kind are always stupid. They're particularly stupid when they inconvenience so many innocent people and there's

nothing that's up the nostrils of Australians more than having their enjoyment of sporting events obscured or interfered with or limited or reduced by what appears to them to be selfish, bloody-minded strikes. And it's very hard for anybody to accept that it was purely accidental that it occurred on the weekend of the Grand Prix and a lot of Australians would think it was quite deliberate.

MITCHELL:

Do you think we're perhaps facing a rocky period in industrial relations or you're confident it's under control still?

PRIME MINISTER:

Well from my point of view and I'm sure the Victorian Government would say the same thing, we never seek confrontation. That doesn't mean to say that we will walk away from a hard decision which makes some people unhappy. But it is not out of my industrial relations approach to have arguments or disputes with trade unions for the sake of having arguments and disputes. And for the record, industrial disputes in Australia now are lower than they have been for some years, lower than what they were 10 or 20 years ago. That of course has happened all around the world. It's not just due to circumstances in Australia, but I'm still leading what is a relatively new government and we've adopted a different agenda on industrial relations which incidentally has not led to the trouble and the strife and the riots in the streets and all that sort of thing that was forecast by people like Bill Kelty before the election because most rank and file trade unionists think that what we've done is fair. We're not cutting their wages. We're not undermining their basic conditions. We are giving them more choice. We are protecting small business by changing the unfair dismissal laws. We're getting rid of compulsory unionism. We're giving people a choice of a workplace agreement or an award. But contrary to some of the dire predictions that were made before the election of the new Government, we're not hacking away at peoples' basic conditions. I mean, I don't believe in that and I'm not going to allow it to happen.

MITCHELL:

Mr Howard, a report in the *Sydney Morning Herald* today, the suggestion that Cabinet is looking at a scheme for young unemployed undergoing military training, is that accurate?

PRIME MINISTER:

There is a proposal in the Employment Department. It's been generated within the Department and we will look at it if it's a fully developed proposal. It's not a central element of the 'work for the dole' scheme. Apparently the proposal has been developed in the policy section of the Employment Department. I am interested in having a look at it. I'm not committing myself to it (*line drops out*) the details of it. It's something that has been generated at a bureaucratic and not at a political level, but that doesn't mean to say you shouldn't look at it. I think we should be open minded enough to look at all of these things. But I should emphasise that the 'work for the dole' proposal which I announced some weeks ago and which will be considered in

some detail tomorrow at our Cabinet meeting in rural Victoria in Pakenham, that that proposal is going to be quite well developed by tomorrow and it doesn't have as a central element the military training option but if it's something that can be (*line drops out*) we'll have a look at it, but I am not saying we're definitely going to do it.

MITCHELL:

Do you think these are a problem in motivating young people to...?

PRIME MINISTER:

Well there is with some young people but others there's not. I mean, one of the bizarre things about youth unemployment is that side by side with the very sad stories of how people try very hard to get a job and can't, there are still a legion of stories of small business men and women who advertise and don't get much of a response and of many jobs in some sections, particularly of service industries, going begging. So it's still an obscure picture in that respect. But nobody can deny that there are a lot of young people out there who are trying very hard to get a job and they need help, they need sympathy and they need motivation. And what governments have got to do is try a whole range of things. We've got to try a new apprenticeship approach, which we are. We have a 'work for dole' approach. There are all sorts of different ways in which you can tackle the problem and there's no single solution to it.

MITCHELL:

Mr Howard, the meeting of the Premiers in Melbourne on Friday came out with a number of things I'd like to ask you about. The most basic of course is Federal funding. Have they been cut as much as they're going to or are they going to have to go to the well again?

PRIME MINISTER:

Well, I can't pre-empt what we're going to put but I can make this observation that they did make a significant contribution at the last meeting of the Premiers. We have a problem and it wasn't of our creation but we are trying to fix it. We understand the difficulties of the States. I don't expect that this year's Premiers conference will be an acrimonious meeting. I don't.

MITCHELL:

Well, I think that gets the point through. They also called for dramatic reform on health and at the same time I noticed HPA here in Victoria saying they are putting their rates up 11%.

PRIME MINISTER:

Well, I think what they are calling for is more money. You see we've got this situation where for ever and a day if a State government, and I'm not picking on any particular State government, has a problem with health, they say, well the problem is we need

more federal money. And yet in the same breath of course State Premiers are calling on the Federal Government to cut the deficit. I was interested to read out of that meeting criticisms of a number of proposals to cut spending in particular areas yet there was a general criticism of the Federal Government that it hadn't cut spending enough. Those two things obviously don't sit very easily together as you can readily understand, I think the public would readily understand. The biggest single problem in health in Australia at the moment is the drift of people out of private health insurance and something should have been done about that years ago, and the problem is that the more people who leave it, the greater is the difficulty because when people drop out it means that the funds push up their premiums, their benefits become a bit less generous because they are being squeezed and that in turn makes more people unhappy and more people drop out. Now, there were 61% of Australians covered by private health insurance in 1983 when Medicare was introduced, by the early '90s - 1990s that had fallen to about 39%, and it was at that time the former federal health minister in the Labor Government, Graham Richardson, said we've got to do something to encourage people to stay in private health. Nothing was done. We promised in the last election we'd introduce tax subsidies from the first of July this year and they are coming in, they have been legislated for and they'll be delivered, \$450 a family, \$250 a couple, \$125 for a single. Now, they will help, they will help a hell of a lot. But they should have been brought in years ago and we wouldn't now have, perhaps, the loss of critical mass in the private health market that we are suffering. And that is a major part of the problem, it really is because it puts a huge strain because if people drop out of private health insurance it adds to the cost of running the public hospital system. I understand that. Bob Carr belatedly has said that the drift of people out of private health insurance is part of the difficulty. The tragedy is that if something had of been done about that five years ago we wouldn't now have quite the acute difficulty. But I recognise it's a problem.

MITCHELL:

Is it an option to increase the Medicare levy?

PRIME MINISTER:

Well, there are a whole lot of options that we're looking at. We made certain commitments in relation to that and we're very keen to keep our commitment.

MITCHELL:

Will it be possible?

PRIME MINISTER:

Oh look, I really don't want to get into speculation about, you know, different changes in the budget but, you know, we made certain quite precise commitments and we're very sensitive to the keeping of those and that is why we rule out other things and we'll continue to rule out things that breach those commitments.

MITCHELL:

What did you think about the Premiers' plan to change the bank taxes - is that going to work?

PRIME MINISTER:

I think that's a good idea. That is a State tax and anything that can rationalise those taxes is good providing it ends up being no more administrative burdensome - I mean, I think it will be less administrative burdensome. I think that was quite a sensible move. It's not going to make any difference for the amount of money that people pay.

MITCHELL:

The Premier - our Premier here - was quoted as criticising you and your Government and saying that you weren't leading really - did that concern you, have you addressed that with him?

PRIME MINISTER:

No, no, no. There's always colourful exchanges between Federal and State governments. I mean, we have gone at a very fast pace in implementing the things that we were elected. I mean, what you've got to remember is that I don't have a majority in both Houses.

MITCHELL:

I noticed the small business index - the yellow pages index - saying 80% unhappy with the speed of reforms.

PRIME MINISTER:

Well no, not 80 per cent. That's a very funny index that sort of - look depending on how you read it 80 per cent can sort of be happy or unhappy. I acknowledge that a lot of people out there in small business are still doing it tough. But if you think of the things we promised, we promised industrial relations reform and we've done that, we promised unfair dismissal changes and we made the changes, we promised capital gains tax relief from the first of July this year and we have over delivered in that area. What we're actually delivering is much more than what we promised. In a couple of weeks' time I'll be giving a comprehensive response to the Charlie Bell Task Force on small business deregulation and there'll be a number of additional things for small business in that. We've had some interest rate cuts. We are doing a lot to benefit small business. Now it does take time, I've only been there a year. Many of the laws that we implemented have only just come into operation. It's only today, no I'm sorry in two days' time on Wednesday that the core part of our industrial relations changes, that is the introduction of Australian workplace agreements comes into force. Now I would have loved it to have been in July of last year but I didn't control the Senate. People have got to understand that when you don't control the parliament, it's all very well for people to say that Senator Colston and Senator Harradine support us and

everything, that's not true - they voted against the Industrial Relations legislation. Both of them voted against every element of the industrial relations legislation. They supported us on Telstra. I mean, there's a world of difference between a government which controls both Houses outright with its own members as applies, for example in Victoria and some of the other states. I think Victoria now is the only that is in that situation and where you've got to negotiate with minor parties and independents, it slows the process down enormously. Now I think it's important that people who are, sort of, judging the pace at which we are affecting reforms in Australia that people understand that.

MITCHELL:

Are you frustrated by that?

PRIME MINISTER:

Look, I wish I controlled both Houses but I didn't expect to be able to get control of both Houses and no government in this country has controlled both Houses in its own right with its own members since July of 1981. That's almost 16 years ago. Because of the electoral system we have it's unlikely a government of the day ever will and try to change that electoral system will involve getting some legislation through the Senate and almost by definition the people in the minority parties are not going to vote themselves out of relevance.

MITCHELL:

Mr Howard, speaking of the Senate we've now got allegations of rotting being investigated on two counts and, if you like, if you put Senator Colston as having been from the left, we've got it from both sides of politics. Is it time for a bit more disclosure, a bit more - a rather tougher approach on the entitlements which politicians are using?

PRIME MINISTER:

Well David Jull, the Administrative Services Minister, is right at the moment looking at different ways in which the thing may be tightened. I believe that the overwhelming majority of people on both sides of the House are scrupulous in relation to their entitlements and totally honest, I really do. Now obviously in any outfit you will get some people who push things to the edge of the envelope. Now I can't make a judgement about Senator Colston. He's entitled, like you and I would be in a similar situation, to a presumption of innocence. It's easy to smear people under parliamentary privilege and to call them rats and to demonstrate your violent hostility towards them, but the charges have got to be investigated - they are. As far as I'm concerned he's not going to get any favoured treatment but nor is he going to be persecuted. He's entitled to natural justice. There are two enquiries if those enquiries reveal that action ought to be taken at another level well that will be taken and I won't interfere to stop it, I will let proceedings run their course.

MITCHELL:

If that's done though is there any way of - if such a thing happens is there any way of getting money repaid?

PRIME MINISTER:

Of course money can and should be repaid if the circumstance is warranted, yes of course they should. And I would certainly support - look, my position on this is very simple, let the guilt fall where it will, let the law take its course no matter who is in the gun, you know, in the gun sights of the law. I'm not going to give any favours to anybody, but equally we all know that the Labor Party hates Senator Colston because he left the Labor Party. Senator Ray made it perfectly clear that the prime motivation is not parliamentary entitlements integrity, the prime motivation of the Labor Party is revenge - the ugly form of revenge. Now the public knows that they saw the demonstration of that last week with Senator Ray's outburst. Okay, that's the game he's playing the public will understand that but in the middle of all of that what I'm saying is the rules are there to be observed, if anybody breaks them they won't get any comfort from me or from anybody in my government.

MITCHELL:

Have you been kept informed of the progress in the Senator Woods investigation?

PRIME MINISTER:

No because - I have enquired every couple of weeks, how is it going and I'm told well, you know, it is progressing and they have to have a report soon. I think in fact he's now resigned. I think irrespective of that there'll be a bit of interest in it. I haven't sought any details of the investigation because it's a police inquiry and it's not my business to know. It is my business to know that it is being done and it's being handled. It's being handled as expeditiously as the circumstances allow.

MITCHELL:

Will you grant Colston, Senator Colston, a pair if necessary.

PRIME MINISTER:

Grant Senator Colston a pair, well, he's not....

MITCHELL:

Sorry - Senator Woods going.

PRIME MINISTER:

Well, it is not for us to grant him a pair. It's for them.

MITCHELL:

For them?

PRIME MINISTER:

Yes, but look, my position on that, so there's no misunderstanding. I believe the provisions of the Constitution as amended in 1977...(tape break)... and I accept that if somebody elected as a Labor member goes then he or she should be replaced by a Labor member. If somebody who is elected as a Liberal goes, he or she should be replaced as by a Liberal. There is, as far as I am concerned, the argument we've had some years ago, the public voted overwhelmingly to change the constitution. As far as a pair is concerned, well, there's no vacancy in relation to anybody other than Senator Woods and he has been granted a pair, or offered a pair by the Labor Party. Obviously if somebody is elected as the Labor Senator left the Parliament, then my view would be that a pair should be offered to the Labor Party.

MITCHELL:

The Premiers also incidentally gave support to Radio Australia and the Asian television service. Do you take that on board or have they....?

PRIME MINISTER:

Well, I do take it on board but can I very politely say to the Premiers in the same communique... my Treasurer was criticised for not having cut harder, by implication that we still have a budget deficit, yet we are being criticised, we are in effect being asked, well, we want you to cut but we don't want you to cut in these areas.

MITCHELL:

Mr Howard, you mentioned the meeting with Sir Julius Chan, now, has that resolved anything?

PRIME MINISTER:

I think it was very helpful to both of us in understanding the concerns we have and the strength of feeling. It is difficult for me to get too precise and I'm not trying to be cute in saying that because it is a delicate issue and it's at a particularly delicate stage. We remain very concerned and our position has not changed regarding the use of mercenaries on Bougainville and the whole implications of bringing mercenaries into our region and Sir Julius does understand that. I sympathise with his problem. He's had this insurgency, very destructive murderous insurgency on Bougainville now for 8 or 9 years. It is 120 000, 130 000 people on an island which is far away from the rest of Papua New Guinea, and there's a very legitimate concern that if something happens there that will propose strains and tensions for self determination and break outs in other parts of the country and I understand that. On the other hand we don't believe that you can settle this by military means and we certainly very strongly opposed the mercenaries. Now, he understands that, I understand his problem, I don't think at this

stage I want to say a lot more because it is at a very delicate stage. I mean, obviously we didn't have any announcement to make out of yesterday's meeting but I didn't go into it expecting to. It was a situation of taking advantage of his presence in Sydney to have a lengthy discussion and it was very good. We spent about 4 - 5 hours with each other talking just on a one-on-one basis, and those sort of exchanges at a time of difficulty between two countries is very important. There's a lot of good will fundamentally between our two societies and it is important that we keep the relationship together but this is one of those cases where - this quite serious the difference of opinion, and it is a very, very important issue.

MITCHELL:

Mr Howard, thank you very much for you time.

PRIME MINISTER:

Thank you, it is always a pleasure, and I do Neil hope that the next time we talk it will be face to face in your studio.