

6

10 March 1997

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
INTERVIEW WITH JOHN LAWS - RADIO 2UE**

E & OE.....

LAWS:

Prime Minister of Australia, John Howard. Good morning Prime Minister and welcome.

PRIME MINISTER:

Thank you. Very nice to be with you again.

LAWS:

Yesterday while you were busy talking to Sir Julius a bunch of trade union leaders attended the Grand Prix for no money. How did that effect you? I mean, you had your job to do they suggested they had their job to do. What did you think about that union behaviour generally in Victoria?

PRIME MINISTER:

Well the strike to sabotage the Grand Prix was about as anti the public interest as you could possibly get. But that really palls into insignificance with their hypocrisy. Apparently officials of the Transport Workers Union were amongst the 30 union bosses who were given free tickets in a special enclosure as part of an enterprise deal. I mean, how hypocritical can you get - you first try and bring the State to a stop, you try and destroy the public support for the Grand Prix, you make it impossible for some people to get there. But I suppose if you've got a special ticket, and I'm not criticising people for having special tickets - I mean, I've been to many events myself as a guest of the organisers, but it's the hypocrisy. It's rather like me accepting a special ticket to

sit in a special enclosure at Gough Whitlam's speech at the Town Hall a few weeks ago.

LAWS:

That was exactly the comparison I had in mind.

PRIME MINISTER:

I mean, how hypocritical can you get.

LAWS:

And do you know what the reason they gave for being there was? They were there to monitor employment arrangements during the event.

PRIME MINISTER:

Having decided to, sort of, destroy jobs - I mean, what about the - the crowds were significantly down on what they were last year.

LAWS:

And the money too.

PRIME MINISTER:

The money, everything. It was just an act of complete bloody mindedness, but then to sort of go there in a privileged position to view the event is the crowning hypocrisy. I hope they get heaps from their trade union mates.

LAWS:

Yes, well I think they probably will particularly as we've brought it to the attention of their trade union mates. But while all that was going on, as I said, you were talking to Sir Julius Chan. Was that a surprise visit?

PRIME MINISTER:

Well, we set it up a day or two earlier.

LAWS:

That's a surprise.

PRIME MINISTER:

Yeah, I suppose you could say that but he does have family in Sydney, he has a step-father in Sydney and he does visit the place regularly. But we had a very long talk.

We spent about four or five hours together and had lunch and we talked about the whole gamut of the bilateral relationship. It's obviously at a very difficult phase...

LAWS:

Your concern is the mercenaries?

PRIME MINISTER:

Oh yes, very - and it's not just my concern. The New Zealand Prime Minister's concerned about it, the Americans are concerned about it...

LAWS:

Well what's the solution if he feels that he has to use part of the money? We give them something like \$320 million in aid.

PRIME MINISTER:

In aid yes. Some of that is project aid and some of that is budget aid...

LAWS:

How much of it is money?

PRIME MINISTER:

Oh, well it's about half of it is budget aid and then the other half is also money but it goes into particular programmes and then there's also some defence cooperation.

LAWS:

Well Sir Julius is denying that that's the money he's using.

PRIME MINISTER:

Yes, yes he is denying that and I have to accept that denial and there's no evidence that we have suggesting that our money is going towards the mercenaries, but that's really not the point. We worry about the introduction of mercenaries into our region - it's never happened before. They don't have a very savoury track record. We think there are worries for the Papua New Guinea Government if the mercenaries are there. It's a very unstable situation. We had a very detailed talk and we canvassed a whole lot of things and I hope that...

LAWS:

How do you help him solve the problem? He's got a problem, he says that his troops aren't...

PRIME MINISTER:

He said he's got a very big problem.

LAWS:

Well why don't we give him some help?

PRIME MINISTER:

You will understand in a situation like this when we've had a talk and he's gone back to think about what I said to him and I'm thinking about what he said to me. I don't want to go into too much more detail at this stage.

LAWS:

But did you offer him help?

PRIME MINISTER:

Well we talked about all aspects of it John.

LAWS:

Wouldn't it be better if he used American army personnel or New Zealand or Australian army personnel to train his troops than use mercenaries?

PRIME MINISTER:

We don't like mercenaries, we think any reasonable alternative to mercenaries is to be preferred.

LAWS:

And would he prefer to have Australian servicemen train his troops?

PRIME MINISTER:

Let me put it this way, we talked about possible alternative approaches and I'm really not going to say more than that.

LAWS:

That was one of them, assumingly?

PRIME MINISTER:

Well, I'm not going to. I really don't think I...

LAWS:

Okay.

PRIME MINISTER:

Please I'm not being unduly tight lipped but it is a very delicate situation. We are quite strong in our view about the mercenaries and I made that clear to him and that hasn't changed. But we do understand his problems and we also understand how important the bilateral relationship is and I did welcome the fact that we could spend about four hours, in a very informal way, talking over the whole problem. It's the longest discussion I've had with him by far and both of us would have gone away from the discussion having a much better understanding of the - on my part the difficulty of his problem, on his part the strength of Australian feeling.

LAWS:

Yeah, okay well we'll watch with interest to see what happens there. While on matters military how far have you really gone with the plan to give young unemployed the option of doing some form of military training - have you gone along with that?

PRIME MINISTER:

It's just an option that we'll look at. It's not a central part of the work for the dole proposal. I'm not saying we're going to pick it up but we're in the mood to look at anything that is reasonable and fair. We haven't developed it.

LAWS:

The Opposition is calling it a public relations stunt. Is that what it is?

PRIME MINISTER:

Well it's not meant to be a public relations stunt. I mean, they run out of descriptions sometimes. They saw the work for the dole proposal as a public relations stunt...

LAWS:

A public relations stunt, yeah.

PRIME MINISTER:

I mean, it's not. It's a very serious proposal and has a lot of public support and it will do a lot of good and it also has a lot of support from young people in the relevant age group. It's quite surprising the correspondence I've had. You would have noticed all the vox pops at the time the thing was announced - young people like it. I've never found any objection.

LAWS:

Who's pushing for - who would have leaked the story to the *Sydney Morning Herald*, somebody's pushing for it?

PRIME MINISTER:

The thing this morning?

LAWS:

Yeah.

PRIME MINISTER:

I don't know. But you know what Canberra's like John it leaks like a sieve unfortunately.

LAWS:

Yeah, but somebody within Canberra's obviously pushing for it.

PRIME MINISTER:

Well I would have thought that story hadn't come from a Cabinet source. It looked to me as though it came from a departmental source because the proposal hasn't been before the Cabinet. Most of my colleagues wouldn't have even heard of it.

LAWS:

In New Zealand young people there pay \$50 a week from their dole for board and accommodation during that training course. Would you approve of that sort of example being followed?

PRIME MINISTER:

Oh it's too early for me to even offer a view on that because we haven't even looked at it. It is one of a number of ideas that the employment department has apparently devised to be put to us. It's not a central part of the work for the dole scheme. We will talk about all of these things at our Cabinet meeting in Pakenham in rural Victoria tomorrow and I hope to be saying something about the work for the dole details and how far we've progressed it after that meeting tomorrow.

LAWS:

Okay, have you progressed that far?

PRIME MINISTER:

Yeah, pretty far. Yes I'll be having quite a bit to say, I hope, tomorrow - including the proposed changes to the legislation that we'll be putting forward and we'll want to have passed before the winter recess. You do need to change the legislation to enable the government to require people, if necessary, to do something in return for their dole.

LAWS:

A thorn in your side must be this Mal Colston business?

PRIME MINISTER:

Well it's messy because anything that involves allegations of abuse of parliamentary entitlements tends to reflect poorly on all of us. Now, Mal Colston like anybody else is entitled to a presumption of innocence. He's not going to be given any favoured treatment by me or by the government but equally we're not going to allow him to be unfairly hounded and I thought Senator Ray gave the game away last week when he basically said we're really chasing this bloke because he's a Labor rat and not so much because of the alleged misuses because some of the allegations - I repeat, allegations - concern long periods when the former government was in office. Now there are certain inquiries under way and they'll be allowed to run their course. I won't be interfering, I won't be suggesting that he be given any lenient treatment because he supported us in the Senate. Equally I'm not going to have him stripped of any semblance of natural justice which the Senate proceedings last week tended to amount to.

LAWS:

Do you think that the public would be less suspicious, and I suppose they are suspicious, if you opened up the whole question of political rorting to the public accounts committee. Wouldn't it be better to clear the air and get it all out into the open and over and done with?

PRIME MINISTER:

I suppose that's the equivalent of saying why shouldn't everybody's tax return be opened to the public, whether they're a politician or, indeed, anybody else. I mean, there has to be a point at which if there is no allegation of rorting, if there is no suggesting of impropriety on the part of a whole group of individuals why should they be constantly subject to public scrutiny? Look I'm open to suggestions on this because...

LAWS:

I don't think....

PRIME MINISTER:

I've got nothing to hide and can I say I believe that the great majority of people on the Labor Party side have nothing to hide either. I'm not suggesting for a moment that there's, sort of, wide scale rorting on the Labor Party side any more than there is on our side. But, look, I've got an open mind about suggestions but I don't think you ever, sort of, stop some people making allegations nor, no matter what you do, do you stop in any walk of life some people rorting the system. I mean, that's the nature of man.

LAWS:

That's true, but there's a difference between a private citizen having his tax returns available to the public and somebody who's paid by the public money. I mean, we're simply talking about the misappropriation of public funds.

PRIME MINISTER:

Well, therefore you presumably...all people who are employed by governments I guess.

LAWS:

Yes, well...

PRIME MINISTER:

Not just politicians.

LAWS:

Well maybe that should be the way.

PRIME MINISTER:

Well yes, although the obligation to pay tax is an obligation that is shared equally by private citizens. And if a private citizen is evading his or her tax liabilities then that has just as much impact on the public as if a politician or a public servant is evading his or her tax liabilities, doesn't it? I mean, we all have the same obligation. You earn \$100 000 a year whether you're a public servant or you're employed by a private company, your obligation as a citizen is the same. But John, I don't resist if there are proposals to tighten the system. David Jull at the moment is looking at some proposals to tighten up the system. And I've got, as I say, a completely open mind. I'm prepared to look at changes that improve accountability but don't impose unreasonable burdens on honest people.

LAWS:

I, when I talked to David Jull on this subject the other day, I asked him if he had passed on stamps - as this seems to be one of the favourite occupations that are

questioned by others - if he'd ever passed on stamps and his answer said yes, it was yes
- have you?

PRIME MINISTER:

I can't recall. I may have, I may not have, I just don't know.

LAWS:

Is that the sort of thing that is considered to be rorting?

PRIME MINISTER:

I wouldn't regard that as rorting. If you have a stamp entitlement...I mean, what is rorting is when you claim something to which you're not entitled.

LAWS:

Yeah, well I suppose that's...

PRIME MINISTER:

And I mean let's face it, the average politician he has a postage entitlement and it is just impossible to draw a dividing line between what is a political use and what is a parliamentary use. I mean, you get a constituent who writes to you making a policy suggestion that the Liberal Party ought to do adopt - I'm a Liberal member of Parliament - and I write back and say thank you very much for that, it's a very good suggestion and this is what's wrong with the Labor Party's approach and this is what's good about our approach, now what do you regard that as, is that a political message or is that a parliamentary electorate message?

LAWS:

Yeah, maybe the rules aren't clear.

PRIME MINISTER:

Well maybe they're not, but you see the rules allow you to use your entitlements for a whole range of purposes.

LAWS:

But when you hear of things like Pauline Hanson, for example, using parliamentary letterhead to cancel her garbage service or something, that must be aggravating because it sort of doesn't do anybody any good, does it (inaudible)...?

PRIME MINISTER:

I've got to say I found that rather petty, that particular...I saw that and can I...I mean, you're a member of Parliament and like anybody else you've got a whole lot of correspondence and you ask your secretary to write a letter cancelling your garbage service and you forget to say them, well, put that on plain paper, and of course if it's on parliamentary letterhead...

LAWS:

Yeah, I find it rather petty too but if you're constantly hearing it it doesn't do the Government any good.

PRIME MINISTER:

Well of course it doesn't do the Government any good but there is a tendency to sort of dwell on those things in a very, very petty way. I don't think you will ever solve this problem. I don't think you will ever get a situation where people are universally satisfied that...in the eyes of some people, no matter what you paid members of Parliament - if you paid them only \$20 000, \$10 000 a year - in their eyes they'd still be over paid. In the eyes of others, senior people in politics are ridiculously under paid. The Federal Treasurer gets \$180 000 a year. The heads of all the banks he's got to deal with, most of them get between a million and two million dollars a year. Now, I'm not saying he should get between a million and two million dollars a year, I'm just making the point that there is a, you know, there are two sides to this. I mean, I didn't go into politics to make money. I get paid a very good salary, by community standards, a very good salary indeed, it's a very, very comfortable existence and I don't have any complaints and I've got no sympathy for members of Parliament who complain about their remuneration. I don't have any sympathy for them at all no matter what they do because they all go into it, you know, very willingly. There's always a big queue at the time for pre-selections on both sides, isn't there? And I think there's a certain...there's something about politics that's different from anything else and you don't go into it for the money. But by the same token you can't blame somebody in my position, or Kim Beazley's position, from sort of defending the profession and pointing out that most people who go into politics are committed, hard working men and women - they are - and most of them work very long hours. But so do a lot of other people. I don't expect any special thanks for it but you'll understand if we think we're being unfairly attacked, we defend it.

LAWS:

Sure, that's reasonable. So let's move to more substantial things. Mal Colston, if nothing else, is certainly substantial...

PRIME MINISTER:

So are some of his accusers.

LAWS:

True. They were at it, as I said the other day, belly to belly and how. If he leaves and is replaced by a Labor person - and that's the requirement - that's going to make things tough for you in the Senate, isn't it?

PRIME MINISTER:

Oh yes, but that will return it to what it was before his change of circumstances in August of last year.

LAWS:

But it will be even tougher.

PRIME MINISTER:

Well, it will be different, yes. But I don't accept that he's going. Nothing's been proved against him, but that's a matter for him and it's a matter for the due processes.

LAWS:

Rob Borbidge, Queensland Premier, after his stupid suggestion to fill Mal Colston's seat with an Independent has now hinted he might delay finding a replacement. That would keep numbers more favourable for you, wouldn't it?

PRIME MINISTER:

Well I would expect, as I said in the Parliament last week, I would expect the letter and the spirit of the constitution to be observed and I would be arguing that. If there were a vacancy be it from Queensland or indeed anywhere else, the letter and the spirit should be observed.

LAWS:

Well, if that's the case, if a vote was taken in the Senate before a replacement was found for Mal Colston you would then be expected, carrying the spirit all the way, to do the honourable thing and take one of your blokes out of voting, wouldn't you?

PRIME MINISTER:

Well, if a vacancy occurs then we would obviously have to give attention to the question of pairing, which is your question. But there is no vacancy at the moment.

LAWS:

But if he goes.

PRIME MINISTER:

Well, yeah but that's if. All I'm...John look, our situation is that if a vacancy occurs, that includes a vacancy created by him or indeed any other Senator going, then obviously we would have to give attention to the question of pairing and that happened in 1987 when a Labor Senator left or resigned or something - no left - and there was some delay in the appointment of a replacement and we agreed to a pairing arrangement so that the numbers were the same. But look, that hasn't arisen. And all I can say to you at this stage is, firstly, I believe the letter and the spirit's got to be observed, and it will be as far as I'm concerned. And secondly, if a vacancy arises then the Government in the Senate will have to give attention to the question of pairing.

LAWS:

Okay, another if, and it is an if - it's been calculated using the Department of Finance formula that if Mal Colston leaves he takes with him about a million dollars worth of super.

PRIME MINISTER:

I don't know whether that's right or not - I just don't know.

LAWS:

How do you feel about that though? Do you think that other Australians are going to feel comfortable...

PRIME MINISTER:

Well, I feel that if he's entitled to take whatever he's entitled to - not a penny more - and if he's not entitled to something - and the same applies to anybody who retires - they ought to have it taken away from them. Now, the superannuation for members of Parliament is reasonably generous although the contributions they make are higher than they are paid after tax and they are at the rate of about 11% for the first 18 years. Not many survive to 18 years. Colston's one that has. Very few, the average lifespan - I mean, parliamentary life span - of a member of Parliament is about eight or nine years and it runs at about 11% after tax. Some would argue that the generosity of that makes up for the fact that compared with equivalent responsibilities in other walks of life the ordinary salary rates are lower. And look, we're getting back to what we were talking about before. It's all a question of how you view the contribution of members of Parliament...

LAWS:

Yeah, well I'm interested in how you view it...

PRIME MINISTER:

Well I'm telling you I think compared to relative responsibilities in the community I think they stack up, you know, they carry their load very well, the hard working ones.

LAWS:

Do you really think, given the performance of Mal Colston that that might be a wrong word, do you understand that the Australian public would think wow, what did he do to get a hand out a million dollars?

PRIME MINISTER:

Look, I'm not going to make a comment about him that's sort of prejudices in a way the public reaction when the inquiries going on. I said at the beginning of discussion of him that he's not going to get any favours from me but he's not going to be hounded. And hounding includes me giving sort of, making moralistic judgements about him when I don't know all of the circumstances and I'm simply not going to do that.

LAWS:

Over the last ten years Federal politicians' basic salaries have increased by 70% and the average Australian wage has increased by 41%, so even though you mightn't - not you - one who's in politics may not be paid, being paid a bundle of money and certainly a whole lot more has increased dramatically, a whole lot more than the average Australian wage - is that acceptable?

PRIME MINISTER:

Well, if those figures are right during that time then obviously there's been a faster rate. But of course there was a very long period of time, I know, in the 1970s when increases were knocked back regularly and there are plenty of figures around the system showing that during that time they fell behind community standards. So some people would argue there's an element of catch-up work.

LAWS:

Big element?

PRIME MINISTER:

Well, there was also a lot of...there were a lot of increases that were knocked back in the 70s. I know because I was part of the government that did it.

LAWS:

Would you agree that taxation reform and health reform are probably the two biggest challenges that your Government has?

PRIME MINISTER:

Oh, I think the biggest challenge we have at the moment is to get the Wik issue right. That's the most difficult, complex, emotion laden problem that I have at the present time. The other two are very important. The health issue is hugely important. We do have a problem because private health insurance participation has fallen below almost a critical mass level. And we're going to introduce tax subsidies that will help a lot, in the middle of the year, but that should have been done five years ago. The former government should have listened to Graham Richardson. I mean, he said four or five years ago when private health insurance was about 39% - it's now 34%, it was 61% in 1983 when Medicare was introduced - if the former Labor Government had listened to Richardson then we mightn't have had the growing bleeding. I mean, this thing started to bleed when Medicare was introduced and the bleeding increased in volume and we now do have a serious problem. Our health...

LAWS:

Did you listen to Richardson?

PRIME MINISTER:

Well it was our policy...did I listen to Richardson?

LAWS:

Yes.

PRIME MINISTER:

On that particular issue, yes. Look, I listen to Richardson on some things and I don't on others.

LAWS:

But on that particular issue, and if you agreed with him and you obviously did, then why didn't you do something about it sooner?

PRIME MINISTER:

We did. We put in our policy. We couldn't do anything until we won the election.

LAWS:

Yeah, but nothing because you won the election a year ago.

PRIME MINISTER:

Hang on, we promised before the campaign that we'd introduce it in the middle of July. They had 13 years and they let the thing bleed to death and we're meant to sort

of have it up on its feet and running around the block at a rate of knots in twelve months.

LAWS:

Well, I didn't quite say that.

PRIME MINISTER:

No, well I mean that is the implication of some of the criticism of us.

LAWS:

Well your Government believes in freedom of choice and open competition, so why can't you have that in health care? I mean, that's something that's been talked about for ages - why don't you open up the health insurance market - you know, I think you encouraged it for banking and certainly telecommunications?

PRIME MINISTER:

Well we have a Productivity Commission report in front of us at the moment...

LAWS:

Which you haven't released.

PRIME MINISTER:

Well, well, we only got it a few days ago and the normal procedure with these reports from the Productivity Commission is you release the draft report and get people's comments, then you get the final report and you take a decision and release the final report when you announce the decision all in one hit. So we are looking at a whole lot of changes right at the moment...

LAWS:

Is that one of them?

PRIME MINISTER:

Well, that could be one of them, yes.

LAWS:

Because that would, it appear, be fairly important because competition in that area would certainly help, wouldn't it?

PRIME MINISTER:

But you have to make certain that the competition doesn't result in the system not being able to care for people who have chronic illnesses and have been in private health insurance for a long time. In other words, some element of community rating has got to be maintained otherwise you will have flaws open up in the system. But John, I would be the last to deny that there aren't difficulties with health policy. The major difficulty has been the declining number of people in private health insurance. And the problem is it becomes self fulfilling. And the more people who drop out, the greater pressure there is to increase premiums, the less attractive the services become because the funds are naturally concerned about their reserves and then because the premiums go up, the service will become less attractive, more people are induced to drop out. Now that's been going on for years and it's accelerated over the last few years. Now we are the first government in 13 years to try and do something about it. And I repeat if the former government had done something when it was at 39% or 40% instead of 34% you wouldn't now have some of the difficulties we're facing. Now that's not to say that we've been perfect on health, no side of politics has, but I'm not going to...you know, when clearly the decline in the private health funds was allowed to occur with malign neglect under the former government - with exception, the honourable exception on this issue of Graham Richardson - I've felt it's not fair that we're then sort of told - well look, you've been there five minutes, why haven't you fixed it all?

LAWS:

Are you going to offer tax concessions for people who subscribe to private health funds?

PRIME MINISTER:

Well, we're going to offer what we legislate and it's going to come in to operation on the 1st of July. It will be \$450 for a family, \$250 for a couple and \$125 for a single.

LAWS:

The Productivity Commission felt that some of the Federal Health Department witnesses hadn't quite told the truth during that hearing - does that concern you?

PRIME MINISTER:

Well, I read the report, I must say that didn't register with me. I'll go back and read it again.

LAWS:

Do you think the Federal Health Department actually knows how many subsidies and cross subsidies operate within that Federal and State health system? I mean, you know, do we really know what that...

PRIME MINISTER:

I can't...I certainly hope they do. I mean, I can't, I can't just, I can't give you a factual answer on that because I'm not in the Health Department, I'm not directly responsible for it. Look I don't, I think they've got a lot of hard-working people in their ranks, but I'm not saying they're the repository of all wisdom in this area.

LAWS:

Yeah. You've considered it obviously very important and you intend to do something about it, but do you think that Wik's more important?

PRIME MINISTER:

No, I just think it's more complex. It's about the hardest problem I've had since I've become Prime Minister because it involves a clash of passionately held views and a situation where two groups in the community feel and with some force and I certainly understand their position that things that they think they're entitled to have for granted, take for granted have been challenged. I mean, I'm very sympathetic to the farmers for...

LAWS:

When can they expect a decision on that?

PRIME MINISTER:

Well, I said by Easter I have to either have an agreed outcome or if I can't get an agreed outcome I'll make a recommendation to the Cabinet. But I'm not optimistic that I can get an agreed outcome but I'm trying very hard and I had lengthy talks last week and the week before with different parties. But the High Court decision was very disappointing in the Wik case, very disappointing. It went against what we had been told. We had been told in the preamble of the *Native Title Act*, we'd been told by the former government that the grant of a pastoral lease extinguished Native Title and that was the belief on which we all proceeded. That was the belief on which the farmers proceeded and bingo, the court went the other way.

Now, I accept that the court has a right to go the other way but I have a right and the Parliament has a right to change the law as declared by the court. I noticed in this morning's paper that Sir Harry Gibbs, former Chief Justice of the High Court, said that for time immemorial Parliaments have changed the law as defined by the courts. There's nothing sacrosanct about an individual court judgment.

LAWS:

Is it likely you'll change the law?

PRIME MINISTER:

We could. The only two things I have ruled out are doing nothing, because that is not an option....

LAWS:

We hope not.

PRIME MINISTER:

Well, it's not. I mean, we've got to do something. I mean, apart from anything else, the existing *Native Title Act* has collided with the Wik decision, so something significant has got to be done and the other thing I ruled out is overturning the original Mabo decision. In other words I accept there is now such an element of the Australian land law system for Native Title. But it is the extent of Native Title, how it interacts with other people's titles and most importantly of all giving people a degree of certainty and we have got to find a way of avoided the nightmare, the nightmare of years and years of costly litigation as farmers and native title claimants argue over different tracts of land all around Australia. I can't think of anything worse and I can't think of anything more likely to destroy the spirit of goodwill.

LAWS:

Well, the farmers would agree with you because they are the ones who have to be paying for it one way or another.

PRIME MINISTER:

Well, that's right. There's another complaint they legitimately have and that is that they don't get any legal aid whereas many of the native title claimants do. Now that's clearly unfair. Most farmers in Australia are cash strapped. They've got no cash. They might have some notionally good assets in their land but they have had very poor seasons until recently, their cash flow is awful and they can't afford the cost of litigation.

LAWS:

So how can you allow it to go ahead knowing that farmers can't afford to pay and yet ...

PRIME MINISTER:

Well I haven't said we are going to allow it to go ahead. I'm grappling at the moment to get a solution.

LAWS:

Well anything associated with native title to go ahead when the farmers are disadvantaged to that degree. I mean we are constantly talking about equality and we are constantly talking about discrimination there, obviously being discriminated against if the Aboriginal people can go to Aboriginal legal aid which they can at the drop of a hat. I know I've had seven writs in three days through Aboriginal legal aid, because it costs nothing to get it. I mean, it's a fantasy and these farmers who are making a huge contribution, not only productively but from a tax point of view, and a contribution to Australia, they can't get any assistance.

PRIME MINISTER:

Quite apart from the problems thrown up by Wik, there is a separate problem of the inequality of legal aid provision in these areas, and it is one of the things that I'm going to address when we have a package.

LAWS:

Because I imagine if it were necessary for the Aboriginal groups that make claims for them to pay their way as the farmers have to pay their's, the situation would be different.

PRIME MINISTER:

Very different. And they have a legitimate complaint.

LAWS:

And as the farmers indirectly contribute to aboriginal legal services, it becomes even more lopsided doesn't it?

PRIME MINISTER:

It does.

LAWS:

Are you going to do something about that?

PRIME MINISTER:

I'm going to address that in the whole package yes.

LAWS:

But address and do something are two different things.

PRIME MINISTER:

No, well not in my language. I'm going to handle it fairly. I don't think it is right that people ...if you have a piece of litigation which is the product of changes that a government has made, that you should legally assist one group but not the others. You either deny legal assistance to both of them or you assist both of them.

LAWS:

What would you prefer?

PRIME MINISTER:

Well it depends on the circumstances. But John, I've got to fit this into a... it's part of a jigsaw puzzle and I'm not going to sort of... having said it, I'm going to make a decision by Easter, I'm not going to say "now, well, look in this area I'm going to go this way". What I'm looking for in that area is fair treatment of both sides.

LAWS:

Yes, they haven't had it up until now.

PRIME MINISTER:

No they haven't no.

LAWS:

Just back to the doctors. As you know 2500 young doctors in NSW are striking indefinitely or taking action indefinitely over your cuts to Medicare provider numbers - well, your Minister's cuts.

PRIME MINISTER:

Well, no, they are ours. The Minister has the full support of the Government on this.

LAWS:

While we are talking about rural areas, there is a terrific shortage of doctors in rural areas and I've talked to Michael Wooldridge about this and he accepts what I say to be right. Why don't you attach provider numbers to a region rather than a person? And why can't a town that has a shortage of doctors have three, four, seven, eleven, whatever it might be, provider numbers available - and then if a young doctor really wants a job he knows where he can go to get one?

PRIME MINISTER:

Well, one of the - I'll come to that in a moment - one of the results of what we are doing in this area and for which we have been criticised by the young doctors will

result in more doctors going to rural areas. Because what we are doing is giving preference to people who are prepared to go into rural areas so far as their training is concerned before they can become fully blown GPs. Now we believe that is a more efficient and more effective way than trying to allocate a geographically specific provider numbers. We think if you give a general incentive for young doctors to opt for rural service, because they know they will get preferential treatment in training places, then in the, not only the long run but the short run that will help rural areas more. One of the direct beneficiaries of the policy that the doctors are criticising, or some of the doctors are criticising, are rural areas of Australia because it's going to produce more doctors for them.

LAWS:

Okay...

PRIME MINISTER:

And the other thing is we'll have better quality general practitioners because they'll be required to do more training before they can set up as general practitioners.

LAWS:

Well, I see that as being terrific.

PRIME MINISTER:

I think both of those benefits, I mean, I can't understand why, well, I can understand why the young doctors are unhappy with what we are doing but as an industrial exercise it really is very foolish and very hard to defend.

LAWS:

It is very hard to accept too. It's not the sort of thing doctors do at the drop of a hat.

PRIME MINISTER:

Well, it is very unfortunate that at a time when there is a lot of community criticism of other people in the community, I mean, I'm thinking of the transport workers, they bung on the...

LAWS:

...inaudible....yes, deserve the criticism.

PRIME MINISTER:

... the community, and I am very disappointed that some sections of the medical profession are supporting this. I was very pleased to hear Dr John Yu from the Children's hospital this morning say that although he sympathised with the doctors and

he was critical of our decision, he never condones strikes. Now, I think he is right. I think...and I don't condone, I condemn strikes in the hospital system, I think they are damaging to the public, they undermine the reputation of the profession and can I say to those young doctors with the greatest of goodwill, going on strike will not induce Michael Wooldridge or John Howard to change their minds. We are not going to change our minds on this. The legislation has passed. It is fair legislation, it will deliver better general practitioners, it will get more doctors into the country and it will provide some reasonable constraint on the proliferation of Medicare provider numbers. Now, all of those things are in the long run good for public and private health in Australia, and we are simply not going to change our position.

LAWS:

Okay the information you gave me about encouraging young doctors to go rural areas. That's good news obviously for rural areas.

PRIME MINISTER:

Well of course it's good....

LAWS:

But couldn't you combine both?

PRIME MINISTER:

Well, you might be able to. I mean, we...

LAWS:

But don't you think that would be a terrific idea. I mean, if Girilambone hasn't got any doctors and nobody wants to go to Girilambone or Texas in Queensland or the Alice or wherever.

PRIME MINISTER:

Well, nothing in that area is off the table for ever and we'll look again at that. But when we examined this issue last year, and we spent some time on it, we came to the conclusion that this way of approaching it was more likely in a shorter period of time, more likely to get more doctors into the bush generally. But look, we don't have a closed mind on that, and if this doesn't work effectively we'll try another way, but we must get more people into the bush. We've got to get more doctors there.

LAWS:

A combination of the two would be good because doctors while encouraged to go to rural areas are going to obviously first of all choose all the rural areas that are going to be the most acceptable ones, whereas the outlying ones might still have problems and

then your people could say "well hang on you can't go there but there's a vacancy here or there's a couple of provider numbers there". Would that not be a ...

PRIME MINISTER:

Well, it is something that we will continue to look at. We did look at that and we came to the conclusion that the path we've chosen is the best way. Maybe we can combine the two. I'm not opposed in any way to the principle of what you are advocating. I seem to recall from our discussions that there were some practical constraints about it.

LAWS:

Yes maybe that's it. There's been a lot of talk about small business publicly and privately. And a lot of small business people have been in touch with us from right around Australia and the consensus of opinion is that the last two months has been the crookiest they can remember. Why?

PRIME MINISTER:

Well, I think small business is still doing it pretty hard because...

LAWS:

Do you think you've done enough to help small business?

PRIME MINISTER:

I would hope that after we bring down our response to the Bell committee report which will be in a couple of weeks' time people will believe that we've done a hell of a lot. I don't think you can ever do enough in an area like this and my message to the small business men and women listening to this programme is that we remain very sympathetic to your situation. I don't pretend that we've fixed all your problems. We have done a lot of things. We've changed the industrial relations system. We've got rid of the Brereton unfair dismissal law. From the first of July this year you'll be able to sell the business you've got and invest up to \$5 million in another business without incurring any capital gains tax liability. Now, that is a huge shift.

LAWS:

Is five million dollars a small business?

PRIME MINISTER:

I think it is.

LAWS:

Really?

PRIME MINISTER:

Five million dollars. Well there's a lot of ...hang on.

LAWS:

... inaudible...

PRIME MINISTER:

Well, most of the businesses are worth less than that. There are...do you feel it should be higher?

LAWS:

Well no, I would have thought that \$5 million isn't small business. I would have thought that was getting closer to being mid-sized....

PRIME MINISTER:

Well, the trouble is John if you ... I mean, some businesses have a greater good will than others and some people want to measure small business by the number of employees, some want to measure them by ...

LAWS:

How do you measure them?

PRIME MINISTER:

Well, I think it depends on what change you are bringing in. If you are bringing in a change that effects the cost of employing people, I suppose what you ought to try and do is put it as high as possible so that you get the maximum amount of help. If you are bringing in a measure on something else.... The definitions vary. Some definitions say fewer than 20 employees. Other definitions say turnover less than \$5 million, some say turnover less than \$2 million. We've pitched it very generously at \$5 million. That's a very very generous change. The BRW a few months ago said it represented the most dramatic incentive for small business in 30 years. I mean, it is a very big change. It means that most of the small business men and women listening, if they sell their business and invest in something else, they'll be able to do that, not just in the same business, I mean, you'll be able to go from a newsagency to a petrol station or from a software company to something else completely unrelated to software. Now, that is a very very generous provision. That hasn't started yet. One of the problems we have in the eyes of the small business community is that a lot of the things we've, the changes we've brought in, they either have only just begun to operate, or like the capital gains tax concession they won't start operating until the first of July. On top of that there have been some falls in interest rates and they are obviously of great help but I don't expect the small business community to be cheering in the streets and I certainly won't

be saying to them that I feel at any stage that enough has been done. I mean, there comes a point I guess where you can't do any more but I understand that they are still doing it pretty hard because they went through a difficult recession and it is a very competitive world. The cost pressures now, it is very hard to get price increases if you are in business now because everything is so competitive. Retailing is very tough. People buy different things now. They spend more money on computers, they spend more money on games related to computers, they spend more money on travel, they spend less money on clothes.

LAWS:

Do you think a lot of small businesses shouldn't be there?

PRIME MINISTER:

As far as I am concerned there can never be enough small businesses, but some people who start in business go out of business but it's ever been thus and no government can ever stop that but what a government can do is create a reasonably sympathetic environment.

LAWS:

Couldn't you make it easier for them to either get in or go out, 'cause it is not easy? I mean, there are so many restrictions associated with small business that are allegedly put there to protect small business but why should...

PRIME MINISTER:

Most of them aren't put there to protect small business, they've been put there to protect other people and I think ... I mean, the unfair dismissal law is a classic example of that and it was put there to help, allegedly to help the employees not being unfairly treated yet in reality it meant that a lot of small businesses wouldn't take them on for fear of getting caught up in a court case, they try to get rid of an unsatisfactory worker.

LAWS:

Well, they still feel a bit that way.

PRIME MINISTER:

Well, that law only started on the first of January, the first of January. Now, we'd have liked it to have started on the first of July last year, but we couldn't get it through the Senate as you know. We don't control the Senate and if we'd have had that in operation on the first of July last year perhaps of lot of people in small business now would feel more that we'd done things. It has been slower than I would have liked but that's not been the fault of the Government. If you can't get something through the Parliament, you can't have a double dissolution in the first three months you are in power. Can I say again to the small business... I understand how they feel, they are

still doing it very tough, I certainly won't be lecturing them about how good things are but I will be saying to them you've got a Prime Minister who understands their central role in the community and I am trying at every turn to help them because I still believe very passionately as I did before the election that getting those people going at full clip, taking risks, employing people, is the best antidote to high unemployment.

LAWS:

When do you think they could anticipate a change?

PRIME MINISTER:

Well, I think the economy will slowly strengthen this year. But I can't be more precise than that. It's just impossible. I mean if that's a black mark against me, well, it's a black mark against me, but I'm not going to get into these stupid sort of situations where I say "by such and such a month growth will be a X or unemployment will be at Y" because you know what happens.

LAWS:

I didn't ask.

PRIME MINISTER:

No you didn't, but some people do, and then I get into a ... then they say, well you broke your promise, you didn't do this, you didn't do that. I mean, all I can say to the small business people is we are doing our level best as fast as we can to implement the things that we promised we'd do and we're well down the track on all of that and there are few more things. We've got a statement in response to the Bell taskforce report, and there'll be a few things in that that people haven't thought of before and I think that will help, and collectively, I reckon by the middle of the year a fair-minded man or woman in small business will say "well, things aren't marvellous but these blokes have had a go and they've tried". Now, I hope they will say that, but I do understand their difficulties. They are the engine room of the economy and they are very important to me and they are very important to my Government. I'm going to work very very hard to keep faith with them.

LAWS:

Okay, Prime Minister, thanks for your time, as usual you've been very generous, good to see you and let's hope we see each other again soon.

PRIME MINISTER:

I hope so.

LAWS:

Prime Minister, John Howard.