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**TRANSCRIPT OF THE PRIME MINISTER
THE HON. JOHN HOWARD MP
RADIO INTERVIEW WITH DAVE HARRISON, RADIO 4 TO
TOWNSVILLE**

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(tape starts)

HARRISON:

.... the north to have a Cabinet meeting here?

PRIME MINISTER:

Yes, the fulfilment of an election promise to take Cabinet around regional Australia. It is a great delight for the first time in a long time, and certainly the first time for us, that we are meeting in the electorate of Townsville, the electorate of Herbert, city of Townsville and I am delighted, of course, that Cabinet is the guest of our colleague and the federal member, Peter Lindsay, who was elected in March of last year and has done a great job representing the people of Herbert.

HARRISON:

Regional Australia gave you Government, do you think that you've looked after them?

PRIME MINISTER:

Yes. And I think increasingly as the benefits of our small business changes and reforms, and I'll be talking a lot about them during my public gatherings today. I mean, only this week, there's a huge benefit through reduction of, elimination of capital gains tax. When somebody sells a small business and goes into a better one, then you can get a capital gains tax exemption on up to \$5 million of the sale.

We've had four reductions in interest rates. We've changed the industrial relations system. This week sees full deregulation of the telecommunications industry which could result in reductions of 30 or 40% of the telephone and other telecommunications charges of small business and when you bear in mind that telecommunications charges are often for small business the second most expensive item, the second most expensive item after wages, the potential for that to reduce the costs of doing business as a small business, are enormous. So in sixteen months, we've done an enormous amount. Small business is critical to the health and vitality of electorates like Herbert and areas like Townsville. So, I think we have. But I am not resting on that, and there will be more things that we will be doing for small business over coming months.

HARRISON:

On the subject of small business, one of the big concerns is people have got redundancy packages, either voluntary or forced redundancies and they've gone and got themselves a job. Consequently in some instances we've seen people go belly-up because they have no acumen in business and they bought a small business. The other question I'd like to raise with you is Charlie Bell headed your report into small business and recommended wholesale changes to the general wholesale sales tax. Now that didn't come into play. Why not?

PRIME MINISTER:

Now, let me deal with the first thing. No Government can guarantee that some people who go into business won't go belly-up. I mean, you can't get a Prime Minister of any credibility anywhere in the world who can do that. All you can do is to work hard to deliver more positive, more encouraging and more incentive-driven conditions for small business, and that is what we're doing. But I can't say, everybody who goes into small business is going to make a profit. What I can say is that my Government is giving you the lowest levels of inflation we've had for 20 years. We've given you four reductions in interest rates. We've given you massive

capital gains tax relief. We've cut the paperwork burden significantly. We've made big changes to fringe benefits tax. We've liberated the industrial relations system. We've made a number of big changes to the unfair dismissal laws. We want to go further but the Senate, courtesy of the Labor Party and the Democrats is blocking us and we're putting up another Bill that will go further and if that's knocked back, we'll roll it back again in three months time and if we get it knocked back again, then that will be one of the measures that might be the subject of an election further down the track.

So, we are going full bore to help small business because I have always believed that getting small business going in a big way in this country holds the key to meaningful reductions in unemployment.

HARRISON:

On the subject of small business, The Bulletin Poll to come out today or tomorrow from my memory, says two for one Australians think that Geoff Prosser should go for breach of Ministerial conduct.

PRIME MINISTER:

Well, not two for one. I understand the figures are something like 46, 43 to 34 or something. I understand that the poll is saying that. But if you look at the merits of it, I don't believe there has been a breach of the Ministerial code.

HARRISON:

Did you speak to Mr Prosser?

PRIME MINISTER:

Well, the reason I haven't spoken to him is that I was overseas. I had an Acting Prime Minister.

HARRISON:

So, you took Mr Fischer's word?

PRIME MINISTER:

No, I spoke at length to Mr Fischer. Well, can I say there is nobody in Australian politics whose word I would rather take than Tim Fischer's. I don't let the opportunity go by. Tim Fischer is the most honest, dependable person you could ever be associated with in politics. And if Tim Fischer tells me something I know it's right and I talked at length to both Tim Fischer and Peter Costello because I was overseas and the protocol is that when you've got an acting Prime Minister, you don't go behind his back. Talk to him, of course I did at some length and I talked to Peter Costello at some length. But it was for them to talk to Mr Prosser. And that's why I didn't speak to him. It's got nothing to do with a reluctance to speak to him, it's just that I had an acting Prime Minister and whilst overseas the appropriate thing is to deal through the acting Prime Minister, particularly an acting Prime Minister in whom one has absolute confidence.

HARRISON:

Well, the Opposition are obviously going to keep continuing bringing up Prosser.

PRIME MINISTER:

Well, of course the Opposition ... but in the end the public is going to wonder why the Opposition isn't talking about jobs, why the Opposition isn't talking about other things. I mean, perhaps they are doing it to disguise their embarrassing backflip over work for the dole. I mean, when we announced that, one of them, the unions said you've got to oppose it. Beazley said he was in favour of it, then he said he was going to oppose it and then Faulkner said they'd die in a ditch on it and then all of a sudden they folded and let it go through.

I think they must have come to their senses at long last but why did they muck us around for three months. I mean, why was the Australian public who wants work for the dole, put through this charade, the pantomime by the Labor Party over a period of three months? Why didn't they behave like a sensible Opposition right at

the beginning and say, we may not like this, but you've got, you're the Government, you're going to put it through, we'll let it go through. And we could have had the thing up and running earlier.

HARRISON:

On the subject of work for the dole, unemployment figures. I put it to you that it is very hard to decrease unemployment figures because technology is taking positions of jobs that were taken by Australian workers in the 50s and 60s and 70s and we'll never get those jobs back. You'll never reduce unemployment.

PRIME MINISTER:

Can I agree with you. There are some jobs that have disappeared that you will never get back. I mean, for example, offices now don't have messenger boys because they send everything by Email or they send it by facsimile or whatever. You don't have people running around making deliveries like the way they did in the 1950s and 1960s. But just as technology has closed down some jobs so it is opening up more jobs in other areas. Information technology is the area of fastest job growth in the service industries in Australia and the single most powerful message I got out of my visit to the United States in trying to understand why the United States is going through such an economic boom at the present time, is that the Chairman of the Federal Reserve, Alan Greenspan, said that he believed one of the explanations is that at long last America is getting the huge economic dividend out of the massive investment it made in technology a few years ago, and that what this investment in technology has produced are circumstances where many things can be done more efficiently, more cheaply and telecommunications is a very good illustration of that and as a result of that, businesses are developing that were previously uneconomic and new jobs are being created in that area.

You should never see the relationship between technology and employment as a static historic one. You should always say, okay, certain jobs are gone forever and there is no good trying to bring them back but new jobs are being created and the potential, particularly a country like Australia, whose appetite for technology is as voracious as that of any nation on earth, I mean, we have the second highest per capital take up of personal computers in the world. We were a long way ahead of many people with VCRs. We have an enormous capacity to sort of take things up and I think the potential to create jobs in those areas is really terrific.

I think you've got to keep the employment thing in perspective. I mean, the regional unemployment rate in this part of Queensland is lower now than that what it was in March of 1996. Now, I know around Australia that is not the case, but there has been an improvement in this area, quite a significant one I think from a number of percentage points, from somewhere over 11 to somewhere closer to 7. Now, that's a very significant improvement.

HARRISON:

Can I put it to you that as businesses have downsized in the 80s and the 90s and this company, I give an example, this company has the same number of people for three radio stations as we had for one back in 1984. Now everybody is double-dipping if you will, multiskilling, which is a dreadful word to use. But if you haven't adapted then you're not there. I also put it to you that there's going to be a new mindset where you're going to have in this country, in the next Millennium a permanent casual job, if I can use that term. You'll have a job but it won't be a permanent full-time job.

PRIME MINISTER:

Those sorts of changes are occurring everywhere and the challenge of Australia is not to try and hang on to a past that can't be sustained but rather to grab a different future that can be sustained and can generate new jobs. And so often in Australia when we talk about unemployment and talk about the impact of technology, we are looking back the whole time instead of looking forward, instead of understanding the opportunities that exist.

Now, it is true that many firms are downsizing. They now have the same actual number of people as they had ten years ago. It is also true that more and more firms have opened up. I mean the technological and I go back to this telecommunications revolution. The arrival of the PC, the facsimile machine and the mobile

telephone have done more, and the Internet, have done more to empower small business in a shorter period of time than anything that has happened in a hundred years. I mean it is a, it is the greatest thing since the industrial revolution, this telecommunications revolution and it is of particular relevance to small business. In the 1970s all the go was you had to be big to be beautiful. Everybody was merging and amalgamating and the buzz expression was economies of scale. Unless you get the economies of scale, you got the long production runs, you're going to go out of business. Now this was not only in manufacturing, it was also in the service industries - all the large law and accounting firms in Australia emerged. Now interestingly, in the last few years that process is starting to break down and even going into reverse, even in areas like the law and accountancy and investment banking, you're getting the emergence of boutique, small law firms.

People are going back to the two and three partnership firms, specialising with a few clients and one of the reasons that this is possible is the huge revolution in communications, and because they have access to all of these. I mean, if you've got a PC and the Internet and the fax and everything, you can sit at home in your home office and you can access the world and you can get customers. Now this was undreamt of ten years ago. Now I think we ought to look at the potential that that has for employment growth and employment generation instead of in a negative way looking back to the past.

HARRISON:

So in other words you're getting people that have had a job for 20 years, in say, Bowen, which I will raise in a moment, the local area which is our Newcastle. They have lost 2,000 jobs in the last two years.

PRIME MINISTER:

Well one of the reasons that the meatworks closed down there, as I understand it, is that it was the refusal of the workforce to adopt new industrial relations practices and one of the things that this community, our community, the entire Australian community has got to come to terms with are different industrial relations practices. We cannot have the situation where outdated industrial relations practices, which have added to the uncompetitiveness of our industry over the years, continue.

I mean, we've got to adapt. One of the reasons why the United States economy is so strong is that it has a very flexible labour market and that's not just the fact that it's got lower minimum wages which raises a whole lot of separate issues but it's that the work practices, that people can go in and out of employment and can move to jobs and the whole economy, particularly in the labour market, is a lot more flexible.

Now, we have to become more flexible otherwise we will not survive.

HARRISON:

Mr Howard, moving onto other things, the tax reform, the tax debate. Are Australians grasping it fairly well, do you think? Are we going to have a GST? Are we going to have a reform?

PRIME MINISTER:

I think at this stage the community believes the present taxation system...

HARRISON:

.... is unfair and unjust.

PRIME MINISTER:

Is unfair. A lot of people think it's unjust. Not surprisingly, a lot of people think they're paying more than their fair share and others aren't and I've got every sympathy for people who object to rorts in the tax system and the welfare system and I think people think personal rates of tax are too high and there is a greater understanding now that the only way that you will do anything about this is to have a comprehensive reform.

Now what I have said is the reform has got to meet three criteria. It has got to help job generation. It's got to help boost exports and it's got to help boost savings and personal incentive. Now they're the three tests. I'm not sort of a mad, ideological zealot for tax reform as a nice, pristine economic model. I think we need a

better tax system and a fairer tax system because that will be good for families and for individuals and good for small business and will help create some more jobs, and I want to design a system, if we are to change it, I want to design a system that meets those three criteria.

HARRISON:

So that will be in the next term of Parliament?

PRIME MINISTER:

We've said we won't introduce a GST this term and we will keep that promise. Obviously the debate will continue and the people will know where we stand. I mean, we know where the Labor Party stand. It's against reform. It thinks the present system is terrific. Now anybody who thinks the present taxation system is terrific has got their head well and truly stuck in the sands of the 1920s.

HARRISON:

Middle Australia is screaming, middle Australia certainly, it is screaming.

PRIME MINISTER:

Middle Australia doesn't think the personal tax system has got enough incentive and in the 1950s, admittedly a long time ago, you paid the top marginal rate of tax when your income was 15 times or 14 times average weekly earnings. You now pay it when your income is one and three quarters time average weekly earnings.

So you had this sort of, the roof has fallen in on the middle as far as the progressive taxation system is concerned, and when the roof falls in on the middle, obviously there's a violent reaction and not surprisingly.

HARRISON:

Okay, let's look at local issues if I can. Hinchinbrook, we've got another court case to go there. All systems go, do you think for Keith Williams and the resort?

PRIME MINISTER:

Well yes, can I say, the great bulk of the Townsville community and the great bulk of Australians who want some jobs created and want us to look forward are fed up with the obdurate, obstructionist tactics being used by a diminishing number of people who can't accept the decision properly made of an elected government. I mean, when are we going to in this country stand up and say, we're going to do something to create jobs. I mean, we are the nation of the endless inquiry and the never ending review. Now wonder people get frustrated.

We are the greatest country on earth for having inquiries and reviews and when you have inquiries and reviews it means that you're not taking decisions. Now we had umpteen inquiries on Hinchinbrook. We followed all the rules. We imposed environmental conditions. We've got moderators and overseers and monitors and director generals - they're falling over each other but the thing is going ahead.

I've been through it all, I've discussed it at length with the developer. I've discussed it with the Queensland Government and as far as I am concerned, that project is going ahead and it's going ahead because it will be good for the district, it will be good for the tourist industry and it will create jobs for young Australians in north Queensland.

HARRISON:

Closer to home, the Nellie Bay safe harbour which of course the feds have some say in terms of GBRMPA allowing it to happen.

PRIME MINISTER:

We will do everything we can through GBRMPA to process that. My understanding, this is a classic qualifier for the sort of never ending inquiry award, it's been going on for ten years. No wonder we have high unemployment when people can delay something through court appeals and through tribunal processes over a period of ten years. It's amazing we get anything done.

HARRISON:

You talk about unemployment. How do the fishermen feel with dugongs in the...

PRIME MINISTER:

Well I understand their anger and we are looking at compensation for them. The relevant Ministers are having a look at that. That was a difficult call between environmental considerations and the interests of the industry and we decided the environmental consideration there was important. Once again, we've made the decisions and we're sticking to the decision but we will look sympathetically at compensation.

HARRISON:

Will Amanda Vanstone go to Bowen to discuss the...

PRIME MINISTER:

That's been raised with me this morning and I don't carry other people's diaries around with me and I've got enough trouble looking after my own but...

HARRISON:

But it is a safe National Party seat.

PRIME MINISTER:

Well the question of whether it's a safe seat is irrelevant. That's a very, very crass thing to say.

HARRISON:

I'm just trying to look after your back benchers in this instance. Mr Howard, on a couple of international issues. Cambodia, what's the latest?

PRIME MINISTER:

The latest is that it's still a very desperate situation for the people. None of the Australians appear to be at risk but we are ready to evacuate them. We've got two

C-130s at Butterworth in Malaysia which is only two hours flying away from Phnom Penh. They went up yesterday. The latest advice from the Embassy is that we can evacuate if needed but at the moment it's not necessary. We hope it won't be necessary but if it is we will do it.

HARRISON:

Will we need forces from the ADF here as well?

PRIME MINISTER:

I think I can best answer that by saying that we are satisfied with the arrangements made according to all the advice that we have will ensure that a safe evacuation can be achieved.

HARRISON:

Lorenzo Ervin. I understand he's got to report to the Immigration Department today at one. How did he get through the net?

PRIME MINISTER:

I don't know. The best information I have is that he used, I have been advised by the Immigration authorities, let me be quite precise about this, that A) he concealed his conviction for plane hijacking and B) he used a different name from the one that was on our watch list and that is how he got through.

I am amazed and very cranky about it and I think most Australians are. We don't need somebody with that proven bad character in this country. His visit has been condemned by responsible Aboriginal leaders and I applaud the fact that they have all sort of said, go away. We don't want to have anything to do with you, and I think that's entirely the right attitude to adopt. I mean, we barred Gerry Adams and David Irving from coming to the country on the grounds of bad character. This bloke, so I am told, and he has not seriously

disputed it, was convicted of plane hijacking for heavens sake. I don't think any Australian wants a convicted plane hijacker addressing public rallies in Australia. That's all I'm saying.

HARRISON:

The reconciliation process. Can we get black and white Australians together and are you upset by comments from your former boss, the former PM yesterday, when he came out and said the ten point plan is not a goer and it was attempted genocide for the stolen generation.

PRIME MINISTER:

Well he didn't say it wasn't a goer. I had a look at what he said. He criticised one element of it and his criticism was ill informed because he appears not to understand that the right of capacity to compulsorily acquire native title exists in the present Native Title Act.

I don't think Malcolm has properly read the ten point plan. As to the question of genocide, I stand by the statements that I have made previously and that is to use the word genocide in relation to the practices of the removal of children was inappropriate, certainly not the sort of word, however strongly you may have felt about those practices, and I know all Australians, myself included would regard them in this day and age as utterly unacceptable, utterly and completely unacceptable.

To use the word "genocide" was a wrong use of the word and to that extent, I guess we have to agree to disagree.

HARRISON:

And finally Mr Howard, because I know you are pushed for time. There is a suggestion a reshuffle of the Cabinet and to make some changes. Is there a possibility...

PRIME MINISTER:

Where was that suggestion?

HARRISON:

That's come from the Sunday press.

PRIME MINISTER:

The Sunday press? It must be right.

HARRISON:

They've got to be. It's got to be, from The Age and the ABC. Can I perhaps suggest to you, how long do we have to wait before say, someone like Ian MacDonald gets a guernsey?

PRIME MINISTER:

Ian MacDonald is a very good representative of North Queensland as indeed is Peter Lindsay, as indeed is Warren Entsch.

HARRISON:

Yes but they're all first timers.

PRIME MINISTER:

They're all good fellas and they're all making a huge contribution but Ian is Parliamentary Secretary and I think he is doing an excellent job as a Parliamentary Secretary, a splendid job.

HARRISON:

Mr Howard, thank you for that. Nice to talk to you, nice to have you on the programme again.

PRIME MINISTER:

Thank you.