



PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER THE HON JOHN HOWARD MP PRESS CONFERENCE - NEWCASTLE

16 July 1997

E&OE.....

Well ladies and gentlemen, I've had already a very positive and very useful visit to Newcastle. My first call was on the Combined Steel Union at Ironworker House in Mayfield and that was an opportunity for me to hear directly from union leaders and job delegates including people who were members of the transitional taskforce set up by BHP after the announcement of a couple of months ago.

I must say that I found the attitude at that meeting and also the attitude at subsequent meetings a lot more positive than has been reported, a lot more optimistic. There is in the Hunter region and in particular in the city of Newcastle a determination to get on with the future, a determination to put behind the people of Newcastle and the people of the Hunter Valley the disappointment felt with the BHP announcement. That is not to suggest that that disappointment has gone or subsided but what it does suggest is that there are incredibly reserves of resilience and determination and bonds of community in the Hunter Valley that will see it through what is undoubtedly a very difficult period. It is obvious from my discussion with the union leaders and from my discussion with the company it is perfectly obvious that there have been established some very effective transitional arrangements. There is a feeling that the company has resolved to look after the and help the 2500 people who will lose their jobs over a period of two years. Now, that's not to suggest that there's been a reconciliation on the part of the workforce with that but a recognition that they have to look forward and they have to look to the future. And I did find a positive attitude, a realisation that it was a difficult challenge for the people of the Hunter and the people of Newcastle but an absolute determination to draw on their reserves of community and their reserves of cooperation and I found the discussion with the union leaders, the union leadership and also with the company a very very constructive and optimistic experience.

As is in the press release, I've announced today three particular projects. One of those involves the expenditure of \$850 000 to establish a resource recovery centre for the Hunter region. This will be modelled on the extremely successful Clean Washington Centre in the United States which has generated some 16 000 jobs over 6 years, of which 13 000 are blue collar jobs in secondary manufacturing. And the Hunter Centre will work very closely with the Clean Washington Centre. I've also announced a \$500 000 programme to rehabilitate Lake Macquarie and this will support water pollution reduction, it will involve the installation of storm water treatment facility, sedimentation basins and wetlands in strategic locations around the lake and its catchment areas. And in addition to that there will be a further \$1 million given to the Hunter Region tourist development strategy for the general purposes of tourist activities in the Hunter and an additional \$1 million for a further SES 125

training places, and that money will be made available to existing providers.

I should emphasise that these announcements, with the exception of the additional \$1 million for the Regional Tourism Strategy, these announcements of course will be funded from within existing departmental allocations and I should mention that all of them are quite separate and apart from and do not touch or effect the figure of \$10 million which I announced some time ago, would be made available for special projects to assist in the Hunter Valley. In relation to that \$10 million, that of course is to be matched by \$10 million from the NSW government and at least \$5 million - perhaps more - from BHP. A large number of projects have already been submitted to both the NSW government and to us for consideration for allocation from those resources. I do not rule out the possibility that the \$20 million from the two governments and the \$5 million plus from BHP, may in fact be pooled and the total amount be used to support two or even one major project in the region. In fact I can see considerable merit myself in concentrating that amount of money on a particular project rather than using it on a series of individual projects. And that was a view that was quite strongly endorsed by the unions. It also appeals to BHP and it also appeals, at least the possibility of it appeals to the community group that I met a short time ago for lunch.

Might I also say that I attended the first meeting of my own taskforce which I announced the establishment of some weeks ago. It brings together as joint Chairman of it Mr Rob Chenery, a former BHP plant manager in Newcastle and Mr Maurie Rudd, the well-known secretary of the union in Newcastle and it has in its number a number of in its ranks a number of community leaders including the Anglican and Catholic Bishops of Newcastle and representatives of community welfare organisations. I saw my visit here today as a learning and listening experience, some specific announcements to make, part of the confidence building process. I come from the morning that I've already spent in Newcastle greatly heartened by the spirit of the city, the determination of the people working together in a cooperative fashion. Can I say that everything was conducted in an utterly non-partisan way. There was no discussion or apportionment of blame as between the former Labor Federal Government or the current government or the current NSW government or the former NSW government. There was an absolute openness on the part of the union leaders in their discussion with me. The citizen's meeting that I've just attended was attended by two of the three federal Labor members for the area, Mr Alan Morris and Mr Bob Brown, and it was also attended by Mr Bob Baldwin and Senator John Tierney as well as Michael Ronaldson the Parliamentary Secretary to the Minister for Transport and Regional Development. And there is a determination on my part and I believe it will be matched by the NSW government to utterly exclude petty party political point scoring from our efforts and our drive to assist the people of the Hunter Valley. The Hunter Valley is a special part of Australia. Newcastle is a great city. It has taken a lot of knocks in the past and it has recovered. I'm sure it will come through this particular set-back renewed and strengthened because of the great bonds of community that exist in this part of the world, and the fact that there is a life beyond BHP, there is a life beyond steel production, there is a life beyond the image around Australia of Newcastle simply being a steel manufacturing city. And what I think we have done not only today but previously and what I believe that we will do in future will be to diversify the base, the business base of Newcastle. There are great service industry opportunities. We have the excitement of the British Aerospace Hawk project, if indeed in the fullness of time British Aerospace sells similar aircraft to other countries in our region, not only will Williamtown be a service centre for the aircraft assembled and purchased by the Royal Australian Airforce but it will also become a service centre for similar aircraft purchased by countries in the region.

I certainly feel very positive about Newcastle's future, and I'd like to say to the rest of Australia that this city has great resilience, great guts, great determination and I'm absolutely certain it will overcome the difficulty that it has suffered in recent months.

JOURNALIST:

Prime Minister, in terms of that \$20 - \$25 million state government and federal government, BHP, are you attracted at all to the idea that's been mooted on a tax free zone?

PRIME MINISTER:

Oh you mean the free trade zone. Well that in a sense Jim is separate from the, is not necessarily connected with the \$20 - \$25 million. We are going to look at that, but we can't look at that in a Newcastle specific fashion because to start with there are constitutional requirements and constraints and obviously if you are going to have free trade zones in Australia, there'd be people in other parts of the country who think they ought to exist in their part of the country, and I've told everybody that we will take a decision on that in the context of our national economic policy and it can't be just looked at only in terms of Newcastle.

JOURNALIST:

So is that under active consideration in terms of general consideration of industry policy?

PRIME MINISTER:

Well, we are looking at it. It's been put to us and we are considering it.

JOURNALIST:

In broad, in broad as a revelation?

PRIME MINISTER:

All I'm saying is that you can't decide that in isolation from national economic policy, that's what I'm really saying.

JOURNALIST:

What thoughts do you have at this stage on what sort of big projects could be amenable to that \$25-\$30 million?

PRIME MINISTER:

Well, there are a number of ideas around but because they are no more than ideas I am not going to speculate about them. The worst thing that I can do in a situation like this is to sort of pretend that there is some magical off the shelf pre-packaged new industry that is going to sort of deliver the replacement jobs. I mean, that is the sort of nonsense that raises expectations and when they are not realised people feel justifiably let down, but the point I want to make is that it is a considerable amount of money and properly used in one hit in the region could be of enormous benefit and I was encouraged by the fact that just about everybody I spoke to today had the same idea. They are not saying that there is one such project. They all have their own ideas, but the concept of using it in a consolidated way is something that appealed to people enormously.

JOURNALIST:

Do you have any time line in your mind about when you might make a decision on the one major project or.....?

PRIME MINISTER:

Well, I'm not tying myself down to a particular time. I wouldn't mind if it took a bit longer if you got the right project. And nor on the basis of the discussions that Michael Ronaldson has had with the New South Wales Treasurer is the New South Wales Government...you know, they want to make the right decisions on this as well.

JOURNALIST:

How soon can we expect the Government to address the industry policy?

PRIME MINISTER:

Well, the question of industry policy relates to a whole...I mean, industry policy is an aggregate expression of your policy in a whole range of areas. Taxation has a bearing on industry. Microeconomic reform has a bearing on it. Industrial relations has a bearing on it. Your attitude towards things like information technology has a bearing on it. It depends very much on the particular definition that you want to give to particular elements of it.

JOURNALIST:

Are you planning an industry policy statement Mr Howard?

PRIME MINISTER:

I'm always planning statements. Many.

JOURNALIST:

Why has it taken you so long to come and talk to the people of Newcastle Mr Howard?

PRIME MINISTER:

I don't think the time that I come or the date on which I've come is important. It's what I can usefully do to help. A kneejerk visit within 48 hours of the BHP announcement would not, in my view, have delivered the balanced and thorough-going understanding of the issue and the challenges to Newcastle and the possibilities that I think the visit that I've paid, well prepared as it has been, to Newcastle today. It's a question of the quality of the visit, not how quickly you can do it. I mean, there's nothing more transient or ephemeral than a rushed political visit in the wake of a negative announcement. I mean, that gets you a nice photograph on the front page but I don't know that it leaves a lasting impression. I think what we now have is a constructive community understanding of the problem, a united determination to go forward and a belief that there is plenty of life beyond the BHP announcement.

JOURNALIST:

Why should an economic rationalist say you shouldn't be throwing \$10 million of taxpayers money into a region that's down on it's luck? This is economically efficient and the *Financial Review* will be plundering at you for days.

PRIME MINISTER:

Well, what's new.

JOURNALIST:

When you say that you want to look at tax breaks and for regional zones in the broader context are you attracted to the idea of tax breaks in general for industry or influencing tax incentives?

PRIME MINISTER:

No, I'm not going to bit by bit respond to a whole lot of questions on the generality of industry policy. We've had a particular proposal put to us about a free trade zone and I said in answer to Jim Middleton that you couldn't respond to that proposal simply within the new council context because it had broader economic ramifications and in answer to your question Paul, in further answer to your question can I say, I am not governed exclusively to any particular political or economic dogma, it is a question of producing outcomes which maximise benefits to the Australian people.

JOURNALIST:

On the free trade zones, do you have an inclination towards or against it at this stage?

PRIME MINISTER:

Oh look, I don't get into personal inclinations at press conferences.

JOURNALIST:

Mr Howard, other companies have expressed an interest in setting up steel making industry in Newcastle, what is the Governments response to that?

PRIME MINISTER:

Well, I've read a lot about those expressions of interest. I mean our view is simply this, that if anybody has a serious proposal about establishing a steel making capacity they can come and talk to us about it but I do not regard it as a serious proposal to read a newspaper report that somebody is interested in doing. Can I simply issue a general invitation so there can be no argument about it, if anybody has a plan to establish a steel making capacity, a serious plan to establish a steel making capacity in Newcastle, or indeed anywhere in Australia, my Minister for industry or myself would be delighted to hear from them.

JOURNALIST:

Apparently they wrote to the Minister a month ago but have no reply?

PRIME MINISTER:

Well you get me a copy of the letter and I will reply to it.

JOURNALIST:

Did you raise with BHP the talk of investing in Indonesia?

PRIME MINISTER:

Well, the matter was discussed yesterday and the response that Mr McNeily gave on ABC radio yesterday is the company's position.

JOURNALIST:

Prime Minister, recently the Treasurer seemed to hose down speculation about another cut in interest rates in contrast to what you said in Queensland, where do you stand on that?

PRIME MINISTER:

I don't think it was in contrast to what I said in Queensland. I think people always make general marks to the extent that they have views about the level of interest rates. I am not speculating about where interest rates ought to go, I never have and I don't intend to do so in the future. I thought rodentry action of that remark of mine in Queensland was quite extraordinary. I wasn't specifically calling for a reduction in interest rates, I think the conduct of monetary policy by the Reserve Bank over the last 18 months has been first class and I am not indicating either way where I think interest ought to go.

JOURNALIST:

Social researcher, Hugh Mackay, has pointed a very bleak picture of the national mood this week. How accurate do you think that picture is and how is the Government going to address it?

PRIME MINISTER:

Well, I think job insecurity is an issue is an issue. It has been an issue in Australia for a long time and that's because although the rate unemployment is not as high as in other countries we seem, as we have come out of each recession, to of seen this fractioning up effect where you are left with a higher rate. I mean, let's understand a couple of fundamentals about the unemployment rate. Our predecessors had 13 years and they left us with an average unemployment rate of 8.7% and I think it is very important that the backdrop of the political debate on this issue be seen against that reality.

I think there is still in the Australian community amongst people a sense of job insecurity and this is because we have had these relatively high rates for Australia of unemployment for some time but there are a lot sides of optimism, I mean we have got the fundamentals of the economy in better shape than they have been for a long time, we are starting to see very solid growth, we've got very low inflation, we've got falling interest rates, we've got improved business investment, we've got a major reduction in the budget deficit. And, I believe that we are laying the foundations for a growth in employment next year. That takes time and I know people are saying it should all happen immediately.

It can never happen immediately and I would say to you and to the Australian people that you have got to get the fundamentals right and we have no hope of a sustainable reduction in unemployment unless we have stronger economic fundamentals and the good news, the optimistic news is that economic fundamentals in Australia now are stronger than they have been for several decades. I can not recall a period in the last twenty or thirty years when you have had such a fortunate conjunction of low inflation, falling interest rates, expanding growth, strong business investment, and falling budget deficits and a very positive international economic climate.

Now you take those five or six things together and you have an under-pinning and a base for employment both the like of which we haven't seen for the last 20 years, now that's the good news, that's the positive news and that's the optimistic side of it.

JOURNALIST:

Now, why then Prime Minister does Hugh Mackay's research suggest that people have given up on Government being able to provide jobs?

PRIME MINISTER:

Well, Phil there is always a point at which the benefits of improved policies, the benefits of improved economic conditions are not repaying in terms, or are not paying dividends in terms of job generation. There is always a lag. I mean if you look at the economic and political experience of the United States over the last few years, there was a time two or three years ago when the administration in that country's word on the benefits of strong investment, low inflation, falling interest rates was being doubted.

There was a time in the United Kingdom when it was being doubted, what I am saying is that you have no hope on earth of more jobs and greater employment growth unless you get the fundamentals right. There is no way round getting the fundamentals right. Now, we have got a conjunction of positive fundamentals, the like of which we haven't seen for 20 years. Now there will be a lag, there will be a period of doubt, there will be a time in which people are going to say is this really going to work and we wonder whether it's going to produce the right results.

Now, we are in that period of time and I understand that people are impatient but I also have to say to people that there is no short cut to solid employment growth unless you get the economic fundamentals correct, which we have done, and unless you implement workplace relations reform, which we have done, then you have no hope over time of building a stronger base for employment growth and I ask the Australian public to, people to understand that and to accept it. And, that we have done the right and correct thing in tackling the fundamentals first.

JOURNALIST:

Prime Minister you are seen as a weak and (inaudible) leader, how do you explain that?

PRIME MINISTER:

Well, there is no one single sentence that people ever use in relation to those things over a period of time, the Australian people will make a judgement.

JOURNALIST:

...Rio Tinto dispute.. Mr Howard, why haven't you intervened and do you think you should have a mediation?

PRIME MINISTER:

No I don't, I think the dispute should be allowed to work itself out between the company and the unions. Can I say that the stance taken by the coal union and by the Federal Labor Party, Opposition, on this issue is quite destructive of the coal industry, quite damaging to job prospects in the coal industry and the Hunter Valley and elsewhere in Australia.

What is at stake here, is not a battle for decent working conditions of Australian employees. These employees are already receiving by community standards quite high wages. They have been offered salary rises of \$10-15,000 a year and all the company wants to do is to take to itself the promotion and seniority allocation rights that are the given of other employers in other industries in Australia and the idea that in some way this is a historic battle for the fundamental working of Australian men and women is ludicrous.

This is a battle about a monopoly on the bargaining process and a monopoly over management

practices by a union which has hung on to them way beyond their survival in other industries. And I find the action of Mr Maitland in inviting Australian jobs to be taken by people overseas, his action in writing inviting our customers to buy elsewhere was inimical to the national interest and I find the behaviour of Jennie George unsurprisingly in support of what he did. But worse still the behaviour of Mr Beazley, the Leader of the Opposition, the alternative Prime Minister of this country is, in fact, joining the union in encouraging customers of Australia to buy elsewhere.

JOURNALIST:

He didn't do that though, Mr Howard, he...(inaudible)...buy from different countries within Australia but...

PRIME MINISTER:

No, no, he gave comfort and support. I mean, he was required on this occasion to put his hand up for the Australian national interest against the union interest and he's put up for the union interest.

JOURNALIST:

Are you pleased now that the union...(inaudible)...?

PRIME MINISTER:

Look, the last person who wants a national dispute of this kind is a Prime Minister, I don't. But we have changed the law quite rightly and I believe that what the company wants to do is legitimate. It's using the law. It's not denying union membership to people. It's simply saying that we want to negotiate workplace agreements and we want to resume control over our own business. I mean, heavens above, if you can't decide who's the more senior amongst your employees, if you can't decide manning levels, if you can't decide rosters, if you can't decide things of caper you are not running your business. And the idea that any union should exercise in 1997 a veto over those kind of things is ludicrous.

JOURNALIST:

Prime Minister, should Mal Colston now quit the Senate?

PRIME MINISTER:

That's a matter for him. Like Carmen Lawrence Mal Colston is entitled to a presumption of innocence just as she, when she was charged, was said by me to be entitled to her day in court and not to be subjected to any further comment or observation. I invoke the same principle in relation to Mr Colston or Senator Colston.

JOURNALIST:

What about the claims both by him and Noel Crichton-Browne that the charges against him are political?

PRIME MINISTER:

I have no comment on that. I think it's wise for all of us - all of us - politicians and journalists alike, to abide the injunction of the Attorney-General to withhold comment on the matter so that it can fairly and properly tried in accordance with the processes of the law.

JOURNALIST:

What expectations should the battlers of Newcastle about your forthcoming employment statement?

PRIME MINISTER:

My forthcoming employment statement? Had I announced an employment statement?

JOURNALIST:

You've got a Cabinet meeting on August 8...

PRIME MINISTER:

Well, I don't make a statement after every Cabinet meeting Michael.

JOURNALIST:

Are you making an employment statement?

PRIME MINISTER:

Look, I have committed myself to an employment statement. But I have got a message for the battlers of Newcastle and, indeed, the battlers of Australia that you have a government that listens and understands and is sympathetic to the human and social consequences of industry restructuring, that understands the pressure that a globalisation of the Australian economy is imposing on particular communities, says to those communities that you can't look back forever over your shoulder, you have to embrace change but we are there to help you in the process of embracing that change and facilitating the impact of that change and understanding that it does impose strains on communities and it's the job of the Government not to stand in the way of change or to believe it can hold back either the process or the benefits of globalisation but to recognise that some people are the more immediate and the greater victims of globalisation than others and that we have to be there to help and to sympathise and to understand. But at all times saying to the Australian community that you can't look backwards in terms of economic growth and economic development and that you really have to look constantly forward and look for the creation of new industries, new jobs, new opportunities and new businesses.

JOURNALIST:

Are you going to address all these things in that statement?

PRIME MINISTER:

Look, I'm not making any predictions about statements Michael. If the mood strikes to have a statement, I'll have a statement. And it could be on anything. But let me say that our commitment to the sort of things I talked about are ongoing commitments. There's nothing new about what I have said today. It is an ongoing commitment of this Government to maintain momentum for the process of economic change and modernisation in Australia. But to recognise that it can have harsh affects on people along the way. And without interfering with that process of change we must be willing on occasions to temper those affects, to offer a helping hand, to be sympathetic to particular communities, to provide government support for those communities and to say to the members of those communities that we do understand, we do listen. And what I was most heartened about in my

visit to Newcastle this morning was the clear understanding of the people of Newcastle of that process and the absolute determination of everybody to work towards a different future. They're unhappy at what's happened at BHP. There remains resentment about what has happened but they are looking forward and they're working with the company. And I found amongst many of the people I spoke to acknowledgment to the company. It tried very hard to smooth the transition past. They remain disappointed and disturbed it's occurred but they're getting on with life, they're getting on with the future. And could I say to the rest of Australia, things are not as bleak and bad and depressed in Newcastle as you have read and you have been read to believe. And person after person said to me today from Newcastle: I wish the rest of the country didn't think we were so down and out and we were going through such a rough time - we'll recover, we'll do better, we'll thrive in the future and we'll survive. And Newcastle has a lot of resilience, a lot of determination and a lot of guts and I think there's been far too pessimistic a picture painted of the situation here in Newcastle. It's a lot more optimistic and bright and determined than a lot of the rest of the Australian community thinks at the present time.

Thank you very much.

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