



PRIME MINISTER

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**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
PRESS CONFERENCE
PHILLIP ST, SYDNEY**

E&OE

Well, ladies and gentlemen, I've called this news conference to make a couple of comments and to make an announcement regarding future arrangements inside the Government for a greater focus on the information economy.

As everyone knows, the revolution that is now occurring in information services, not only in Australia but around the world, represents potentially the greatest transformation of the world economy since the industrial revolution. And the contribution that information technology can make to job generation in Australia to the creation of thousands of additional jobs, over the years, immediately ahead of us and into the 21st Century, is a very important element of the plans that the Government does have for the further economic development and the further involvement of the Australian economy in the global economy. And as a result of that I've decided on some new administrative arrangements to more tightly target and better focus the Government's own energies in relation to the information economy.

I'll be recommending to His Excellency, the Governor-General, the appointment of Senator Richard Alston as Minister for Communications, the Information Economy and the Arts.

The Minister for Industry Science and Tourism will retain responsibility for industry development and investment issues.

I will appoint within - establish within Senator Alston's portfolio a new National Office for the Information Economy. That will be a separate office within Senator Alston's portfolio.

It will have a very strong private sector focus. It will operate under a sunset clause of three years' duration and it will have particular responsibility for policy relating to the regulatory, legal and physical infrastructure environment for on-line activities, including facilitating electronic commerce, ensuring consistency of Commonwealth positions for international firms and overseeing policies for applying new technology to government administration and information and service provision.

I'll also establish a Ministerial Council of Ministers in the Government concerned with information technology and economic matters. And that council will comprise, as well as Senator Alston, Mr Fischer, the Deputy Prime Minister, Mr Costello, Mr Moore, Mr Fahey, the Attorney-General, Mr Williams and the Minister for Administrative Services, David Jull.

The new arrangements are designed to more tightly focus and to consolidate the emphasis that the Government places on information technology and the information economy.

There are enormous potential opportunities for Australia in this area. And it is the responsibility of my Government, as it is the responsibility of the various State governments, to ensure that our ministerial and other arrangements respond to those opportunities and to match the challenges that are available.

Given the propensity of Australia to embrace and Australians to embrace new technology, the opportunities for us in this area are greater than for many other countries. For example, after the United States, Australia has the second largest internet usage of any nation in the world. We have the third largest usage of mobile telephones. And our voracious appetite for devouring new technology is legendary in our experience.

We have, as a government, put very considerable additional resources into this area. There's the \$250 million communications infrastructure fund for regional Australia, which is being funded out of the sale of one-third of Telstra. And there are many other programmes and policies which will now be even more effectively and tightly coordinated.

Before taking questions could I just briefly comment on my forthcoming visit to the South Pacific Forum in the Cook Islands. It will be an excellent opportunity to renew contacts with the Forum leaders. It will be the first opportunity to have a personal and lengthy discussion with the new Prime Minister of Papua New Guinea, Mr Skate, to whom I've spoken on the telephone but I've not previously met. And also to renew associations with Forum leaders that I've met before, such as the Fijian Prime Minister, Mr Rambuka.

It should be pointed out that Australia continues to place a very high priority on the South Pacific. Forty per cent of our bilateral aid budget goes to nations in this area. And we regard our partnership with the nations of the region as being particularly important.

I'm pleased that the economic reform agenda, which was discussed in the Marshall Islands last year and was further advanced in the Finance Ministers' Meeting in Australia two months ago, has made considerable progress. And the Finance Ministers in particular have agreed a practical reform agenda. And our aid programme will support that reform agenda.

The South Pacific is a very diverse region and answers will obviously not be the same for all countries. And one of the issues that comes into that context is, of course, the different perspective that we inevitably have on climate change.

I will expect a good discussion on climate change matters at the Forum meeting. I do understand, and anybody who's travelled across the Pacific will understand, the vulnerability of many of the small island nations feel in relation to weather patterns and sea levels.

Australia wants to see a sensible, workable outcome on climate change negotiations, especially at the Kyoto meeting in Japan in December.

Our point has been and will continue to be that the only approach to climate change which will work is one that is realistic and takes account of each countries circumstances. Otherwise targets will simply not be achieved and developing countries will suffer.

It is a global problem and it has to be tackled in a way that involves all nations. Australia herself produces just 1.4 per cent of the world's greenhouse gas emissions. And it is in the interests of the countries of the South Pacific that the outcome in Kyoto provide for all countries, including developing countries, to make an equitable contribution to reducing greenhouse gas emissions.

I make it clear again that targets that unfairly penalise the Australian economy and, in particular, targets which destroy Australian jobs will not be accepted by the Australian Government. That is a fair, consistent, wholly defensible position for my Government to take and, I believe, it's a position that has the support of the great bulk of the Australian community. But I do approach this issue in a constructive way, but a way that is consistent with the Australian national interest.

And could I, before taking questions, also remind all of you that yesterday on the financial market an historic event occurred and that is, for the first time since the floating of the Australian dollar and the deregulation of the Australian financial system that accompanied it, the long-term bond rate for Australian securities fell below that of comparable United States securities. And bear in mind that there was a gap of 250 basis points between the US long bond rate and the Australian long bond rate when this Government was elected in March of 1996. That particular development symbolised the great success that this country has had and, in particular, my Government has had in communicating to the rest of the world that inflationary expectations are very much a thing of the past in Australia, that we now have an Australian government that is determined, unlike its predecessors, not to believe that it can spend its way out of trouble, an Australian government that is willing to tackle the problems of debt, which we inherited from Mr Beazley and Mr Keating.

And I am particularly proud to have been the Prime Minister of a Government that has achieved that spectacular turnaround in the international, financial reputation of our country.

There can be no finer and more emphatic judgment that there is now in charge of the economic affairs of Australia, a group of people who are concerned about our international credit worthiness and are prepared to take the decisions and to send the right signals on inflationary expectations and reducing budget deficits.

It is a signal of economic achievement, and it means that in the eyes of the most hard headed financial analyst in the world, this country is out in front of the pack with the best of them, in terms of economic management. Have you any questions?

JOURNALIST:

Mr Howard on that last point, on the turn around in the budget position. Access Economics said the turnaround is going to be much greater and therefore (inaudible) budget surplus of \$4 billion. Do you believe it is going to be this much?

PRIME MINISTER:

No, I am not going to speculate about the surplus and as you know from past experience forecasts will jump around a great deal. I am very confident that at the end of my first term as Prime Minister, I will be able to say to the Australian people, we inherited a budget deficit of \$10.5 billion and we have turned that into a surplus and that is a great achievement and an achievement of which I and Peter Costello, in particular, as Treasurer, will be particularly proud.

And it has meant lower interest rates and better prospects in the longer term for employment in this country than would have been the case if we had followed the path of deficit and debt we inherited from Mr Beazley and Mr Keating.

JOURNALIST:

Will you be wanting to outline the job strategy for (inaudible) ?

PRIME MINISTER:

Well his primary responsibility will be as I have outlined and that is to bring together the Minister for the information economy, the regulatory and other responsibilities that bear on information and on-line matters and on-line services.

The overall responsibility for economic policy and job strategy, of course, lies elsewhere but inevitably, with the greater focus on the information economy, the prospects for job generation in that will receive even greater attention. But I am not going to get into the business of giving precise targets suffice to say that the capacity for growth in this area is enormous. That is self evident from the nature of

developments in the information economy, not only in Australia, but all around the world.

I used some figures in Parliament a few weeks ago that pointed out that in the last 14 years 5,000 new jobs have been generated in farming, manufacturing and mining and 1.8 million in services.

The potential for growth in information services is enormous and the great thing about it is that it will not be area specific. For a country as big as Australia part of the good news about the information economy is that it demolishes the tyranny of distance for the people who live in the bush and the people who live in regional areas of Australia.

JOURNALIST:

Prime Minister what are you doing to actually stimulate corporate investment in the technology sector in Australia? Australians may use mobile phones ad nauseam but corporate investment seems to be lacking compared to other..?

PRIME MINISTER:

Well, we have already done one absolutely tremendous thing and that is that we have deregulated the communication market, from the 1st of July, and that means millions of dollars saved for corporate Australia.

Most surveys indicate that the second largest cost in running a business in this country, after wages, are communications expenses and the deregulation of the communications market will slash, in many cases, decimate to the benefit of corporations, their telephone and other communication bills. So, that single act alone, over time, will inject millions of dollars of potential investment funds.

Now the broader question, which I think you were getting at. The broader question of industry policy generally, is to whether you give particular incentives to this or that company. I have already indicated that the Government is looking, as a Government as a whole, we are looking at Goldsworthy, we are looking at Cutler, we are looking at Mortimer and we will be providing a response to that in the not to distant future. Not today.

JOURNALIST:

Having a Minister for information technology [inaudible]

PRIME MINISTER:

Information Economy.

JOURNALIST:

[inaudible] was one of the Goldsworthy recommendations. Another one of the recommendations is for you, as Prime Minister, to get more involved in the area. Will you be getting more involved [inaudible]?

PRIME MINISTER:

I am not going start, I am not going to commit, make my diary hostage to any particular report. This decision of mine is not in response to the Goldsworthy Report. I had decided before I got the Goldsworthy Report that I would do what I have announced today.

JOURNALIST:

Mr Howard in response to your trip to America, where you talked to Mr Greenspan about the job stimulating effect information technology has had in America, do you think that the industry will have the same impact here, on jobs?

PRIME MINISTER:

That did have an influence on my thinking, yes. I have a great regard for Alan Greenspan. He does after all have more influence than anybody else on the most powerful economy in the world. And when a man with that experience says to me that he thinks, he didn't put it any more strongly than that - it is always the sign of a really wise person who acknowledges that he or she doesn't know all the answers - but he thought that one of the reasons why the American economy was going so well, that at long last it was getting the huge benefits of technological change and technological development.

Now that did have an influence on me, but there are a lot of things that influence you in relation to this but there is no doubting the commitment of my Government, from the Prime Minister down, to reaping to the full, the enormous benefits of the information economy and the enormous benefits that can come from technological change, particularly as we move into the next century.

JOURNALIST:

Prime Minister, on the Kyoto negotiations, the Australian industry greenhouse network said today that our ability to sell our policy in Kyoto has been harmed by the lack of credible domestic energy efficiency programs over the last decade and indeed they have called for energy efficiency to become a national priority of today. In the next two months in the lead up to Kyoto, can I ask for your comments in regard to Australia and our ability to sell your policies in Kyoto?

PRIME MINISTER:

I haven't seen that comment and I am not going to therefore try and respond to it. Let me say in relation to Kyoto that we want a sensible outcome. We have a certain national interest to propound and protect and that is what I will do.

The role of the Australian Government has been, over the past few months, to put our point of view to other countries. They come from different perspectives. Australia is in an almost atypical position because of our enormous exports of energy but equally our undoubted status as a highly developed country.

Like any other country we have obligations, domestically and internationally, but like any other country we are entitled to defend and propound the national interest. That is what the Europeans are doing. There is a certain convenience in the European position which, of course, they are loathed to acknowledge.

I believe that there is a growing concern in the United States and in other countries that unless you have some recognition of the differential position of countries around the world. You are not going to get a satisfactory outcome but obviously as we get closer the Kyoto Summit, I will be having something more to say about what Australia will be putting to that Summit.

We are not going there in a blinkered way. We are not going there with our minds closed but we are going there determined to defend the Australian national interest and the Australian national interest does not lie in rolling over and accepting binding mandatory greenhouse targets because that will cost thousands of jobs and seriously damage the Australian economy.

JOURNALIST:

Today there has been no change to the Governments stand on the greenhouse gas emissions?

PRIME MINISTER:

There's certainly been no change in our determination to protect and propound the Australian national interest and there won't be. Anybody who thinks that we are going to change our basic position and that is, we won't accept mandatory, binding targets and it will continue to press for differentiation, would be wrong.

JOURNALIST:

If you are not going there as [inaudible] why are you not suggesting there is going to be a reasonable compromise?

PRIME MINISTER:

Well what I am suggesting is that it's my role to go there to protect Australia's interests and Australia's interests do not lie in meekly accepting the European position.

[ends]