



PRIME MINISTER

15 October 1997

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
RADIO INTERVIEW WITH MIKE CARLTON
ABC RADIO, 2BL**

E&OE.....

PRIME MINISTER:

How are you Mike?

CARLTON:

I'm fine thank you, how are you?

PRIME MINISTER:

Fit.

CARLTON:

Are you? Good. This is the biggest political defection since Joe Lyons ratted on the Labor Party isn't it?

PRIME MINISTER:

I think you could say this, that Lyons had reasons other than personal ambition. Australia was at the time in a very deep financial crisis and there had been a breakdown of the Premier's plan and all of that sort of thing. This is all about Cheryl Kernot's personal ambition and nothing else.

CARLTON:

So have we seen today then a woman who wants to become Prime Minister?

PRIME MINISTER:

Oh yes. Cheryl Kernot senses a leadership vacuum in the Labor Party and she wants to fill it and whilst I didn't expect it, I think anybody who said today that they expected it is lying. I didn't expect it but when you think about it, it is not surprising because Cheryl Kernot has always been far more Labor than Liberal. In the six years that she has led the Australian Democrats it has, as I said a year ago and not half an hour ago, a year ago, been a de facto coalition between the Australian Labor Party and the Democrats led by Cheryl Kernot. Whenever the Labor Party has wanted her vote on a vital issue, she has been there and if you look at the litmus test issues that divide us from Labor over the last few months, like the unfair dismissal laws to help small business, work for the dole, higher taxes to finance higher government spending, Cheryl Kernot has always taken what you could regard as the Labor point of view.

CARLTON:

You see her as, saw her as the Labor cuckoo in the Democrats nest did you?

PRIME MINISTER:

No doubt. You just look at what happened when we were in Opposition, the Labor Party could always whistle her up when it needed her. Since we have been in Government, Cheryl Kernot has been unable to accept the verdict of the Australian people at the election of March last year. She talks about us and she tries to justify her decision on the grounds of what we have done over the last 18 months. We have done things over the last 18 months that we said we were going to do. I mean, take something like Telstra...

CARLTON:

Can we come to that in a minute?

PRIME MINISTER:

No but if you go into to merit and motive, this is all about personal ambition. It is not about principle.

CARLTON:

That is the point that I would like ask about a bit more. Has Kim Beazley, in your view then, just welcomed into his bosom the instrument that will destroy his leadership?

PRIME MINISTER:

Maybe. I think a lot of Labor people will scratch their heads in wonder. They will see it as slick opportunism. He is welcoming her into the Labor Party. Nobody in the Democrats knew about it. I actually feel very sorry, I mean this.

CARLTON:

Oh come on.

PRIME MINISTER:

For ordinary members of the Democrats, I don't mean their Senators, I don't feel sorry for them. But the ordinary member who has gone out and distributed "how to vote" cards and worked for the party with no reward in the belief that it really was a third force. Remember this lady a year ago had this to say, she said, "In 1996 we may not be an alternative government but for an increasing and significant number of Australians we are an alternative opposition. Facing the future means breaking the political psychology pedalled by the two major parties, getting away from where the choice is always reduced to John Howard or Kim Beazley".

CARLTON:

So this is a betrayal.

PRIME MINISTER:

It is certainly a betrayal of her own members.

CARLTON:

Treachery?

PRIME MINISTER:

I think a betrayal of her own members. I think her own members can speak more eloquently of their feelings than I can. I simply see it as, in some senses a natural progression of a person who has always at heart been very sympathetic to the Labor Party.

CARLTON:

Back to your point about ambition, how long before she rolls Gareth Evans do you think?

PRIME MINISTER:

She has got to get elected first and we will naturally go flat out to stop that occurring. Incidentally the seat that she is interested in used to be held by Michael Lavarch, the former Labor Attorney-General, so presumably Beazley has crossed him out as somebody returning and yet he was regarded as one of their better Ministers.

CARLTON:

This is the seat of Dickson?

PRIME MINISTER:

Yes.

CARLTON:

Your Member there is a man who has admitted beating his ex-wife and visiting prostitutes. She is not going to have to much trouble tossing him, is she?

PRIME MINISTER:

He has had something to say about that and we will just see what comes out of the campaign. We will naturally be defending the seat. But even if she wins, I think she does have her eye on the top spot. She has worked out that if you want to be a head of the government or you want to be a senior Minister in this country you have to belong to one of the major parties. So she has joined the major party of her undoubted choice and preference and prejudice and that is the Australian Labor Party.

CARLTON:

What do you think Labor offered her?

PRIME MINISTER:

I don't know. You ought to ask them that. You ought to ask Beazley and Kernot as to whether they had sealed the deal before the South Australian election and if so, why didn't they tell the voters of South Australia before the election.

CARLTON:

You think it was done before?

PRIME MINISTER:

She spoke of having made up her mind in the last couple of weeks. The South Australian election was only four days ago, it is a sort of mini-Kirribilli pact isn't it?

CARLTON:

How much electoral clout will she carry, she is experienced, she is an attractive performer by any standards, you would admit that surely?

PRIME MINISTER:

I think she has lost a lot of that by today's decision. Australians don't like this kind of say one thing do another.

CARLTON:

Well they didn't mind Hughes and Lyons when they did it?

PRIME MINISTER:

Mike, they were very different circumstances. Hughes was in the middle of World War I, Lyons was in the middle of the Great Depression. We are neither in a world war nor as we in a depression, far from it. I think one of things that ought to be said is that for 20 years, successive leaders of the Australian Democrats have lectured us in the major parties. And they've said that they were different, they were pure, they were honest, they were above all these deals, they were something special. Now just like that she's thrown all of that out the window.

CARLTON:

You're trying to tell us she's just another politician, are you?

PRIME MINISTER:

Well, somebody else was unkind enough to say that. I happen to think there are a lot of very good politicians in Australia. But the point is she is now denying the very basis of the argument that she's put.

I think the other thing that ought to be remembered about Cheryl Kernot is that she's never really adjusted to us winning the last election. She's done her level best over the last 18 months to deny us the mandate that we were given in March of last year.

I mean, Telstra - the thing that's in the news today as we speak - the Australian people voted for that and she's done her level best to stop it.

CARLTON:

You can argue that she also helped to get Peter Reith's workplace legislation through, didn't she?

PRIME MINISTER:

With amendments, but...

CARLTON:

Well, that's her role, surely it was.

PRIME MINISTER:

She opposed Telstra. She opposed Work for the Dole. She opposed many of the budget measures. I mean, she said that she didn't like the first Costello budget. That's a year ago. It's taken her a long time to, sort of, feel this great sense of detestation.

CARLTON:

So is Beazley's leadership ultimately in danger?

PRIME MINISTER:

I think it is. I think the message out of today is that she has sensed the leadership vacuum in the Labor Party and she's going for it. And hang the principle, hang the Democrats, hang all this business about keeping us honest, hang all this business about being a noble, principled third force: I see a leadership vacuum in the party of my natural choice and I'm going for it.

CARLTON:

All right. As I said earlier though, she is an attractive campaigner. She's experienced, she's telegenic, looks good, handles herself well and so on. You're a bit short of women like that.

PRIME MINISTER:

I don't think so.

CARLTON:

Yes you are. You got rid of Amanda Vanstone...

PRIME MINISTER:

I haven't got rid of her, I've just shifted her to another portfolio.

CARLTON:

Well, she's vanished out of sight...

PRIME MINISTER:

No, I think you'll probably see a lot of Amanda in the Justice portfolio because that has a high media potential.

CARLTON:

The criticism of your Cabinet reshuffle was that you downgraded women [inaudible]

PRIME MINISTER:

Well, I don't accept that. Look, I shifted Amanda out of the Cabinet into a less onerous portfolio. That is true. I don't deny that. I think the person I promoted into her old job had earned the right for promotion and that's David Kemp. I still have four women in the total Ministry.

CARLTON:

In the outer Ministry.

PRIME MINISTER:

No, I have three in the outer and one in the inner and that is more than the Labor Party had. I now, for the first time ever in the history of this country, have a full time Minister for the Status of Women. And we have more members in the House and the Senate combined, many more members who are female than the Labor Party ever had. Most of them, of course, not all of them, came in at the last election.

CARLTON:

I suppose we call her Mrs Kernot now, don't we? She's no longer a Senator.

PRIME MINISTER:

Indeed.

CARLTON:

She was very critical of your Government in the statement she made saying you're creating enormous damage shackled by old ideas, clinging to Thatcher economics, fostering division and intolerance. Whatever could she mean?

PRIME MINISTER:

I don't know.

CARLTON:

No rough idea?

PRIME MINISTER:

No, I haven't the faintest idea what she's talking about, Mike...

CARLTON:

It was a stinging indictment.

PRIME MINISTER:

I think what she was really demonstrating there was the fact that - the point I made earlier - that she can't accept that we won, we won last year. I mean, if there's been a criticism from the business community of me, unfair I might say, is that I haven't done enough. I mean, to say that we are Thatcherite is just a glib, irrelevant phrase.

We promised to sell Telstra. We promised industrial relations reform. We promised to have balanced budgets. We promised to do things for small business. We promised to amend the *Native Title Act* to make it more workable. Well, we said all of these things and they are the things that she's condemning.

I mean, if Kim Beazley hadn't left us with a \$10.5 billion deficit then maybe...

CARLTON:

You're going back to the black hole.

PRIME MINISTER:

Indeed and with justification. I mean, the man she's today embraced created the problem that caused us to take the measures she doesn't like. She's got to explain that.

CARLTON:

Are you, though, in the mid-term trough where it gets really hard now, it's slog? You've just lost three Ministers. You've got long-term unemployment well over the quarter million mark. You've got to get Wik and native title to work. You've got battles with the unions. You've got this Constitutional Convention coming up. You've got an economic crisis in Asia. You've got tax reform on your plate. That is a huge load. These are the hard miles.

PRIME MINISTER:

But modern government is always complicated.

CARLTON:

It's more than complicated. Some of these are almost immovable objects for you.

PRIME MINISTER:

Well, I don't think any of them are immovable objects. I mean, we have committed ourselves to taxation reform. We are having a Constitutional Convention as I promised in the last election campaign. The unions are against our industrial relations changes because those changes have removed the union monopoly and they are pro workers, pro employer changes so naturally the union movement is implacably opposed to those changes. But we expected that. And, I mean, Cheryl Kernot, as from today, has to join a union I understand. She's joining the Miscellaneous Workers Union.

CARLTON:

She doesn't have to [inaudible]

PRIME MINISTER:

Well, I understand she has. I think it's one of the rules in Queensland that's she's got to do it. Anyway, she's welcome to join any union. We have plenty of union members in our own ranks but we don't require it as a condition of being...

CARLTON:

I suppose you could say she's a miscellaneous worker...

PRIME MINISTER:

Well, we hope to have her as a displaced worker.

CARLTON:

Are you - I'll just throw that again at you - are you in that mid term trough? The first flush of the first fine, careless rapture of government's gone. A quote from [inaudible]...

PRIME MINISTER:

Well, all governments, all governments...

CARLTON:

This is hard now, isn't it?

PRIME MINISTER:

But all governments go through periods. I mean, look at Bill Clinton. After the, was it the 1994 congressional elections when Gingrich got control of the House and became Speaker, everybody wrote Clinton off, everybody. And he came back with a roar and did extremely well. The Fraser Government went through difficulties in its second year. The Hawke and Keating governments went through...all governments go through times of challenge and times of difficulty.

CARLTON:

And is that what you're going through now, difficulty?

PRIME MINISTER:

Well, there are difficult issues.

CARLTON:

Really hard ones, I know that. And you bog down trying to move them.

PRIME MINISTER:

No, no, no. I think the important thing is that we are still making decisions and we are still getting things out of the way despite - we obviously had some difficulties with the travel issues but...

CARLTON:

You lost three Ministers.

PRIME MINISTER:

Yes, but Mike, what the public will remember out of that is that faced with the difficulty, I took strong, decisive, painful action. Faced with the difficulty, Kim Beazley did nothing and as a result comes out of it as a weakened leader, as a weakened individual. And it's one of the things that's contributing to this sense of vacuum of leadership on the Labor Party side which is obviously of enormous interest to Cheryl Kernot.

CARLTON:

There have been opinion polls just this week, though, in both the Fairfax and the News Limited papers which suggest that more and more people now are seeing your leadership as weak and indecisive, in fact, that Mr Beazley perhaps outperformed you on that.

PRIME MINISTER:

Well, the polls at the moment are rather mixed. I mean, you didn't mention the Bulletin Poll which, on a two-party preferred basis, suggested that if an election had been held last weekend we would have actually increased our current majority of 44. I think you've always got to take all of the polls into account.

CARLTON:

There's only one poll that counts and that's the one at the election.

PRIME MINISTER:

I think I heard Gareth Evans say that at the weekend.

CARLTON:

Well, it must be right then, wasn't it?

PRIME MINISTER:

Of course it must be.

CARLTON:

It must be.

PRIME MINISTER:

Yes, indeed.

CARLTON:

Has the Government got to lift its game?

PRIME MINISTER:

I think what the Government is doing is, like any other good government that faces difficult times, is keeps its eye on the things that matter to people. And even at the middle of the travel allowance issue we announced our position on the future of small business in relation to shopping centres. We announced our changes to the child support agency. David Kemp, this week, will be announcing all the pilot programmes for Work for the Dole.

In other words, despite all the peripheral noise and static and colour and movement that is of interest to commentators and newspapers, we are nonetheless still taking decisions. The fundamentals of the economy are very strong. Millions of Australians are now going to have a direct ownership in one of our great commercial enterprises, Telstra. We have kept our promises relating to the budget deficit, reducing inflation, reducing interest rates. I noticed Cheryl Kernot today was talking about the madness of monetary policy. The madness of monetary policy under the Howard Government has produced five reductions in interest rates in 18 months. There's nothing mad about that, particularly for home buyers.

CARLTON:

I wonder if you walk into your next Cabinet meeting then say: right guys, we have to get moving now, we have to lift the game, we have to get some results between now and the next election. Is there a sense of increased urgency?

PRIME MINISTER:

I walked into a Cabinet meeting after I'd been away on a trip for a couple of weeks and I said that it was necessary for us to refocus the public's attention on the things that were of importance to them, like tax reform.

CARLTON:

Jobs.

PRIME MINISTER:

All of those things. And we have been doing that steadily and successfully now over the last couple of months. And if you just look back over that last couple of months you have seen some improvement in the jobs outlook. Now, I don't say that complacently. We have seen some improvement.

CARLTON:

One swallow perhaps [inaudible]

PRIME MINISTER:

Well, I would be the first to admit that that could be the case and I don't pretend for a moment that that will take a lot of further hard work.

CARLTON:

Can you meet your jobs target, eight per cent?

PRIME MINISTER:

We are working...we're a lot closer to meeting it now than we might have been, say, six weeks or 10 weeks ago.

CARLTON:

All right.

PRIME MINISTER:

Tax reform, which is the biggest single economic reform this country needs by a country mile, we are committed to. The Labor Party is less likely now that Cheryl Kernot is one of its members and aspiring for the leadership, to embrace tax reform, than it was 24 hours ago.

CARLTON:

Why do you say that?

PRIME MINISTER:

Because Cheryl Kernot has always been very reluctant to have any kind of serious tax reform.

CARLTON:

Well, you're giving her that sort of clout in the Labor Party...

PRIME MINISTER:

I think she will have a...I mean, I think she will make some very interesting chemistry inside the Labor Party.

CARLTON:

Is the electorate volatile? Are the people unhappy perhaps, less than relaxed and comfortable if you like?

PRIME MINISTER:

I think the Australian electorate's been more volatile now for 10 years. It's less...

CARLTON:

But perhaps now even more so.

PRIME MINISTER:

No, I don't know that it's even more so. And there's nothing new in the middle of a government's term about third parties doing well in State elections or by-elections. Look at England, went through a period of time when the Liberal Democrats were polling better at first than the Labour Party which now has a majority as big as mine, and then the Conservative party. There's nothing unusual about that.

CARLTON:

But that's what I mean about volatility.

PRIME MINISTER:

I think there is a volatility particularly between elections. Now, some of that disappears at election time.

CARLTON:

It didn't disappear in South Australia. Poor old Mr Olsen managed to snatch, virtually snatch defeat from...

PRIME MINISTER:

I am talking in a Federal context. I think we did poorly in South Australia and the main reason we did poorly was the in-fighting.

CARLTON:

Within the South Australian in-fighting?

PRIME MINISTER:

There's no doubt about that.

CARLTON:

But isn't there a sense of disgruntlement and dissatisfaction toward the Federal process. I mean, I suspect that people were disgusted with the whole travelgate affair. They felt the Parliament and the politicians had shamed themselves.

PRIME MINISTER:

Well, the tragedy of that is that all of us get seen in a negative light and I regret that because most Members of Parliament are both hardworking and honest. I say that very determinately. And, once again, the important message I have is that I've done something about it. I mean, I was prepared to let people go, no matter what the personal pain, I was prepared to take the strong decisions in relation to that. I am getting a new system that will be less vulnerable to abuse. But also, and more importantly, I'm getting on with the job of governing. I mean, you should never allow things like that, which are essentially peripheral, although important, to divert you from the task of tackling unemployment, reforming the tax system and getting native title. I mean, they are the things...

CARLTON:

But the people look at that and they say, they are all a rotten lot, a plague on both Houses.

PRIME MINISTER:

I think they also look at it and say, why on earth don't they focus on things that matter. What I say to the Australian people is that, through all of that difficulty I did continue to focus on things that mattered.

CARLTON:

That is an Alexander Downer phrase, Things that matter, what are you using his..?

PRIME MINISTER:

That doesn't matter, so what, if it is an appropriate phrase for the circumstance, whoever it belongs to I will use.

CARLTON:

Can I raise one concern, a particular concern that I am hearing a lot about, aged care. Many elderly folk are concerned and frightened about the changes to the rules for hostels and nursing homes. Do you acknowledge there are...

PRIME MINISTER:

I acknowledge that there are some people who have been alarmed and disturbed largely because of a fear campaign that is being run by our opponents. These are significant changes.

CARLTON:

Many elderly folkie, people who thought they had provided for their retirement, who wanted to be independent of the pension fear now they won't have a cent.

PRIME MINISTER:

Anybody who is, for example, just on the pension which is 65% of people in the age group who are in a nursing home are completely unaffected by these changes. If you were a part-pensioner you can earn up to \$50 more than the pension as a single pensioner without in any way being affected by these new fees.

CARLTON:

Those people, and I would suggest a substantial number of your voters, who believe they have been independent in their retirement, that they made provision to live apart from government, apart from a pension, self-reliant, they are the people getting hit.

PRIME MINISTER:

You asked me about pensions.

CARLTON:

No I am asking about old people.

PRIME MINISTER:

Old people generally. These changes are based on the principle that if you can afford to make a contribution towards your care in retirement then it is only fair that a reasonable contribution be asked.

CARLTON:

Thousands of them would argue you have moved the goal posts.

PRIME MINISTER:

I don't accept that. We do not have in this country and we will never have under a Coalition Government, death duties.

CARLTON:

But some would say that this is a defacto death duty.

PRIME MINISTER:

It is not. It is no different from perhaps the expenses of being in hospital or any other expenses. The accommodation bond, the maximum that can be consumed out of the accommodation bond is \$13,000 and the amount that is then left over after that \$13,000 out of the accommodation bond is refunded to the person or to that person's family if that person dies. Now, it is very easy for people to run around and run a fear campaign about this.

CARLTON:

But given the concerns and the fears there are...

PRIME MINISTER:

But what sort of government do you want? Do you want a government that just never does anything that involves a bit of short-term flack, a government that says, look we will never touch anything that is too hard, we will never attempt to introduce a reform that we know in the long run will bring benefits for fear that we might be criticised. What kind of gutless, useless government is that.

CARLTON:

One that people feel happier with perhaps. If they are sitting there in the old folks' home and knowing where they are sure, and that they have made provision for their retirement, they know where their last cent is coming and going and all of a sudden you have overturned their world.

PRIME MINISTER:

With great respect that is not only an over simplification but it also is an unfair distortion of what has happened. I mean, both the fees and the bond are based upon the principle of capacity to pay. They're not based upon charging people fees they can't afford. They're not based upon demanding accommodation bonds on people who can't afford them. I mean, at the end of the day if you don't get capital into nursing homes from people or potentially from the families of those people, then you'd have to get it from the ordinary taxpayer. I mean, it's a choice between higher taxes or a fair accommodation bond system. You can't have it both ways. I mean, life is never as simple as that.

CARLTON:

All right. So is this set in stone now or are you prepared to review it?

PRIME MINISTER:

Well, we will review it but we're not going to alter, in the short term, we're not going to alter.

I mean, like any new policy...I mean, incidentally what we're doing in relation to nursing homes is exactly what the Labor Party did in relation to hostels. It is no different. I mean, if it's fair enough of somebody to be asked for an accommodation bond then they go into a hostel, which they have been for years on full fees, why isn't it fair in relation to a nursing home? Why is it, in the eyes of the Labor Party, so wrong in relation to a nursing home and it wasn't so wrong when they introduced it in relation to hostels?

I mean, I would love to be able to preside over a government where you never had to take a difficult decision, you never had to say no to anybody, you never had to go out and explain anything but we do not live in that kind of easy, simple world and I would be failing in my duty if I did not recognise that on occasions, we do have to take decisions that in the short term are difficult to explain, easy to distort, easy to run a fear campaign, but in the long run, it will work. I mean, I think the Labor Party, when it introduced the assets test ran into the same situation.

CARLTON:

Given the electoral cycle, a three year term, you are going to have to start taking some happy decisions, some giving and generous decisions soon though, aren't you, to get back in again?

PRIME MINISTER:

I think a lot of the decisions we've taken have been good ones. I mean, the five reductions in interest rates, I don't hear people, I don't hear homebuyers complaining about that. I don't hear people complaining about, in small business, about the benefits of our small business decisions. I don't hear the two million Australians who may be able to buy shares in Telstra complaining about our decisions in relation to that. We have already taken a lot of what you call happy decisions but good government is a combination of good decisions and happy decisions. I mean, not every decision can be happy. You get into a big mess if they're all happy.

CARLTON:

Would you be tempted into an early election?

PRIME MINISTER:

I have no reason at the moment to have an election other than at the normal time. Why would I be tempted to an early election?

CARLTON:

I don't know. If the cycle turns up, the economy works, you get unemployment down. You may well be.

PRIME MINISTER:

The history is that he or she who goes to an early election without good reason gets a kick in the shins from the public.

CARLTON:

So you are tempted then to go the full term?

PRIME MINISTER:

Well, I am more than tempted. As I now feel, I will run the full term. Look, you will never say never about something like that in politics.

CARLTON:

Just like Cheryl Kernot really.

PRIME MINISTER:

No, quite different. I intend to remain in the Liberal Party for the rest of my life. I mean, I was born Liberal, I will die Liberal.

CARLTON:

John Howard, thanks very much indeed. Thanks for coming in.

PRIME MINISTER:

It's a pleasure.

[Ends]