



Handwritten signature or initials, possibly 'C' and '10'.

PRIME MINISTER

16 October 1997

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

E&OE.....

Ladies and gentlemen, I have called this news conference to inform you that the Government has decided to grant a pair to the Australian Democrats in the Senate to cover the period commencing yesterday until the appointment of a replacement Senator by the Queensland Parliament.

This decision was taken this morning in a discussion between myself and other members of the Government leadership group including the Leader of the Government in the Senate and the Deputy Leader of the Government in the Senate, Senators Hill and Alston.

It is my understanding that the Queensland Parliament will be appointing a replacement Senator without any undue delay and naturally in accordance with both the provisions of the Constitution and the spirit of the arrangements covering the filling of casual vacancies that person should of course be the person nominated and recommended by the Australian Democrats.

We take the view that the people of Queensland at the last election voted in Cheryl Kernot as a member of the Australian Democrats. She has decided to dump the Democrats. But in deference to the democratically expressed views of the people of Queensland in relation to that particular election it is only proper that she, having now left the Parliament, it is only proper that the electoral implications of that decision be respected and that will be done by us granting a pair.

I should say that this offer is conditional on the Labor Party doing the same thing. In other words, in relation to any legislation or resolution that may come up between now and the appointment of the new Senator from Queensland, if the Australian Democrats indicate a disposition to support us - I mean, that does happen occasionally - then I would expect and my announcement today is fully conditional upon the Australian Labor Party doing exactly the same thing in relation to their supporting our legislation

or our point of view on a resolution. In other words, we would expect the Labor Party to fully pair Senator Kernot in relation to that so that they don't gain any undue advantage either out of the desertion of the Australian Democrats by Mrs Kernot.

This is the right thing to do. It's the correct thing to do. It respects the democratically expressed wishes of the people of Queensland and I know that it will be seen by the Australian public as the correct and proper thing to do in the current circumstances.

Might I also say before taking any questions that the Deputy Leader of the Opposition, Gareth Evans, Mr Beazley and Mrs Kernot owe the Australian public a full disclosure of the financial arrangements that have been entered into or offered or raised or committed to in relation to Mrs Kernot's resignation from the Australian Democrats and her joining the Australian Labor Party. The public is entitled to know the full details.

It was obvious from Mr Evans' interview on *AM* this morning that some arrangements have been entered into. I want to know and the Australian public wants to know what are those arrangements, what are the circumstances, who said what to whom and what is involved so far as money and other support between now and the Federal election, which on ordinary schedules will not be held until the first half of 1999.

QUESTION:

Are you suggesting some financial impropriety...?

PRIME MINISTER:

No, I'm not saying anything at present. I'm not suggesting that. I'm just asking for details and the public is entitled to know. I'm not passing any judgement, equally I'm not predicting what I might or somebody else might say in the future. I would just like to know and I think the public would like to know. The public is entitled to know.

QUESTION:

Isn't it an internal matter for the ALP?

PRIME MINISTER:

No, it's not necessarily an internal matter, it depends. Let's know the facts. I mean, if there's nothing to hide there's no problem about the facts being disclosed.

QUESTION:

Mr Beazley has indicated that he won't be supporting your position on the CD situation. What's your reaction to that?

PRIME MINISTER:

Well, I think he is doing the Australian consumer in the eye. The decision taken by the Government on CDs will mean that CDs will fall by at least \$7 an item and it is time that the consumers of Australia, particularly the young who have a great appetite for CDs, not only the young we all have an appetite for CDs, but they have a particularly large appetite for CDs. It is time they were given a bit of price justice.

What you have here is a group of companies wanting to maintain a monopoly, they are largely overseas owned companies, I don't condemn them for that because I welcome foreign investment in Australia. Unlike others newly arrived to Mr Beazley's embrace, politically speaking, I don't object to foreign investment. I think foreign investment is a good thing but I do think the Australian public is entitled to know that this is a contest between the interest of ordinary Australian consumers and the interests of large recording companies with very large profits which are trying to maintain an essentially monopoly position. Now a very emotional campaign and a very misleading campaign about jobs is going to be waged on this issue. We are for the Australian consumer, we are for greater competition. It is not an issue involving copyright, there is proper protection of copyright, there is proper protection against piracy, this is an issue of whether you want cheaper or dearer CDs. This is an issue of whether a government can be blown off course by a sectional, hysterical and often misleading campaign and we don't intend to be blown off that course. We intend to maintain our position.

QUESTION:

If it's only record companies that are going to benefit, why are so many artists going out against this decision?

PRIME MINISTER:

They have close associations, don't they, with the recording companies?

QUESTION:

So you think that's the only reason?

PRIME MINISTER

I am offering that as one explanation. But at the end of the day it is my responsibility to look at the merits of the issue and the public interest supports the Government's decision. The former government screwed up its courage and then lost it on this issue. There are a number of people inside the Labor Party at the present time who secretly support our decision. I know that the Australian public wants cheaper CDs and heavens above so many people now are using the internet to purchase CDs, that is another reason why the Beazley position is out of date and unsustainable. I will be interested to see whether the Australian Democrats in their new manifestation support the Labor Party on this issue. If they do they will be following a very familiar pattern. We are putting our hand up for the Australian consumer, we are putting our hand up for cheaper CDs, we are sure that that is in interests of most Australians.

QUESTION:

Prime Minister, Lloyd Williams today criticised you for being out of step and the need to engage with Asia, like Paul Keating when he was still around. What's your response to that?

PRIME MINISTER:

His claim that we are out of step with Asia is utterly wrong. Only this morning I read a cable from the Foreign Minister, Mr Downer, recounting a conversation he had two days ago with probably the most powerful politician in Asia and that is the Japanese Prime Minister, Mr Hashimoto. In that conversation Mr Hashimoto said that the Government's decision to involve itself in the currency support for Thailand a few weeks ago had sent a very strong, positive signal to the Asian region, had indicated the deep integration of Australia in the political and economic affairs of the region and was seen by Asian leaders, particularly Mr Hashimoto and the Prime Minister of Thailand, as being a signal of how important Australia regarded Asia and that the Thai Prime Minister naturally intended to raise that matter with me personally when he visits Australia shortly. So that is the latest piece of contemporary evidence that at least somebody who could be regarded as the most powerful political figure in Asia, namely the Prime Minister of Japan, completely rejects the thesis put forward by Mr Williams.

QUESTION:

But isn't it of concern to you that the Australian public don't agree with those Asian leaders?

PRIME MINISTER:

No it is not. Because what I think the events in Asia of the last few weeks have demonstrated is that the Asia-only policy followed by the former government was misplaced and short sighted. We are following an Asia-first policy, we are not following an Asia-only policy. Criticism I had of the Keating government's approach to Asia was that it put all of its economic and political eggs in the Asian basket instead of recognising the importance of understanding that we lived in a world of different parts and that we had to have economic and political linkages with all parts of the globe and the, how should I put it, some of the currency and economic turmoil in sections of the Asia-Pacific Region in recent weeks is a stark reminder of how balanced and far sighted our approach has been. We have an Asia-first policy, our linkages are very deep, our commitment is without question. We also have links with other parts of the world, I will be visiting Jakarta on my way back from the CHOGM conference in about 10 days' time and having another discussion with President Soeharto. It will be my third such discussion with him in 18 months and it is a demonstration of the enormous significance that I attach to the association, not only between Indonesia, but also between Australia and the Asia-Pacific Region.

QUESTION:

Mr Williams also suggested that you needed a business ambassador to Asia. Would you consider that?

PRIME MINISTER:

We have business ambassadors, generically speaking, all around the world.

ENDS...