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PRIME MINISTER

27 October 1997

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
PRESS CONFERENCE FOLLOWING FINAL EXECUTIVE
SESSION OF CHOGM
THE BALMORAL HOTEL, EDINBURGH, SCOTLAND**

E & OE.....

Well, ladies and gentlemen, the Commonwealth Heads of Government meeting in Edinburgh has now finished. It has been a very good conference in all respects, but particularly a good one for Australia the outcome in relation to greenhouse gases I've already outlined to you.

The other countries very warmly supported Australia's initiative in establishing a special facility within the Commonwealth Secretariat to give technical assistance to the smaller countries to realise the advantages and the values of trade liberalisation and globalisation.

The Australian funding offer of \$1.5 million over three years has been added to by both the Canadians, who are matching it over 5 years, and the New Zealanders and the British and the reaction of the smaller states has been very positive and is seen as the sort of practical gesture and realistic gesture that a country like Australia can make.

I was also able to announce at the conference this morning, the extension of the existing Protea sports programme for South Africa from 1997 - 98 when it was due to run out, until the Year 2006 and the programme is also going to be extended to include other African countries.

I've also announced for the first time a \$1.5 million sports programme for the countries of the Caribbean. Some people in Australia following a particular sport

might wonder why on earth we're doing that but it's, all jokes aside, designed to assist sport, particularly amongst the young in the smaller Caribbean states.

I also announced that the Commonwealth has accepted the invitation I extended on behalf of Australia that Australia host the CHOGM meeting in the Year 2001. And that meeting will, of course, take place in the year in which we celebrate the centenary of the Federation of Australia. The next CHOGM meeting will be in South Africa in 1999 and I'm delighted to say that the Conference in the Year 2001 will be held in Australia.

Can I say just two other things about the meeting. It was my first. I did find it valuable. I do believe the Commonwealth has a refurbished relevance as we go into the 21st Century. There is no organisation in the world which brings together such a mixture of people of different races and cultural backgrounds and ethnic origins, yet bound together by some common ties of history and language and values and commitment to freedom, the rule of law and in almost all cases, full-blooded, parliamentary democracy.

Those personal contacts I was able to make at the meeting, were, of course, extremely valuable and I've mentioned some of them already. The other thing, and the final thing I would say about the Commonwealth is that in preparing for this meeting, the research I did revealed a difference between the Commonwealth and most other international organisations in that there is a network of grass roots organisations which have a Commonwealth association that exist. Something like 70 or 80 non-government organisations with a Commonwealth connection are in existence and that grass-roots network, that branch network, if I can use a political expression, a party political expression, is not something that one finds in relation to other organisations.

So, I conclude the meeting. I think it was conducted extremely well by the British Prime Minister, Mr Blair, and I want to record on behalf of my delegation, as I did in the closing remarks at the Conference, my appreciation to the people of Edinburgh and the people of Scotland and to the Government of the United Kingdom for the hospitality they have extended to all of us.

Are there any questions?

JOURNALIST:

Prime Minister, where will the Commonwealth Heads of Government meeting be held in Australia in 2001?

PRIME MINISTER:

Well, I want to talk to my colleagues about that. There is some suggestion that it might be held in Canberra. I think that given the Olympic Games are going to be held in Sydney, the year before is probably a reason for holding it somewhere else other than there. I will discuss that with some of my colleagues.

JOURNALIST:

Do you have an early first preference?

PRIME MINISTER:

Oh, I can see some merit in having it in Canberra. It's the national capital. And we are celebrating the nation. But, I'll have to talk to a few people about that, no doubt there will be different views, but we'll make an announcement. South Africa has not yet resolved precisely where it is going to host it, so, and they're in two years' time. Nelson Mandela said it would very possibly be in Durban but he's got to resolve that over the next few months.

JOURNALIST:

Is that a consolation prize for Canberra given the cuts to the economy?

PRIME MINISTER:

You are unbelievable!

JOURNALIST:

Prime Minister, do you think that given the focus of this conference, do you think that the organisations ... (inaudible) ...

PRIME MINISTER:

A lot more so. I can't put it more strongly than that because of the obvious clout of organisations like the European Union. And APEC and the ASEAN grouping which, of course, includes what, two Commonwealth countries in Malaysia and Singapore. But what impressed me about this was the high level of agreement between countries with utterly different backgrounds about the desirability of more open trade. Now, there are degrees of enthusiasm for that, amongst them. But, certainly there was a lot less resistance to the notion that trade liberalisation and globalisation brought advantages.

JOURNALIST:

Prime Minister, in your absence, Warwick Smith has announced a raft of changes to the aged care reform(inaudible). Is that the end of it or are we going to see other changes?

PRIME MINISTER:

I regard the changes that have been announced in relation to which of course I was consulted and involved in discussions with my colleagues back in Australia, I think they represent the right amount of fine tuning and I wouldn't see any other changes as being necessary.

JOURNALIST:

So you think this will be sufficient to ease the concern in the aged community about the user pays principle?

PRIME MINISTER:

Well, this measure is a very desirable, long term reform. It has been subjected to a furious smear campaign by the Labor Party. It is very interesting that when they introduced accommodation bonds to hostels, we supported it just as when they introduced the HECS charges in 1988 we supported those.

It seems that if you want to make a lot of noise in Opposition, and cause some short term difficulties for the Government, you oppose any reform measure that has some short term difficulties. What that does, of course, to the long term national interest is another matter. When we were in Opposition, with a number of exceptions which I acknowledge, when we were in Opposition, most of the major and difficult economic reforms of the Hawke and Keating Government were supported by us.

It was ironic that privatisation of the Commonwealth Bank, Trans-Australian Airlines and Qantas would never have occurred but for the support of the Coalition because the Australian Democrats, vigorously opposed all of those measures. Now, I don't regret the support we gave for those measures in Opposition, but it does mean there is a stark difference.

We now have a spoiling Opposition that is prepared to take advantage of any short term, political flack that the Government may encounter in introducing a long term reform. Anybody who looked at the demographics of Australia and applies a test of fairness has to acknowledge that the inherent policy involved in the accommodation bonds is fair. You can argue about the detail, you can argue on the margin but the principal of it is fair, that is what Labor argued in Government. We have an ageing population. We need to get more capital into those nursing homes, and we need to get more capital into the hostels.

And I don't resile from supporting that as a matter of principle, that is what we've reaffirmed. Now, I know it is unpopular in the short term and I ask those people in the community who see it as being unpopular in the short term to just understand that Governments sometimes have to take decisions that have a short term measure of unpopularity in the longer term national interest.

Now, it's open to an Opposition to take the key political point and to belt us over the head and wage a fear campaign and it's always possible for an Opposition to do that. No matter how well it is explained, it is always possible for an Opposition to do that. Now we didn't do that with HECS. We could have played merry hell with HECS on the campuses of Australia. We could have played merry hell on the accommodation bonds on hostels if we thought it was inconsistent with some of the longer term goals we had in mind for Australia.

PRIME MINISTER:

Not off hand I don't have a figure, but I'm sure that the net benefit will be significant. I mean this is a very big event, and it's a very big moment in Australia's history and we will have a meeting of 54 countries, perhaps one or two more by the year 2001 who knows, and I think it will add to the many things that we're going to embrace in celebrating our 100 years as a strong, vibrant, independent nation.

JOURNALIST:

You're off to Jakarta now Prime Minister. Do you go armed with any specific proposals for the Indonesian government, or suggestions on the currency crisis and their forest fire emergency?

PRIME MINISTER:

Well if I did I think I would, with respect, pay President Soeharto the courtesy of talking to him first. I go there as a good friend of Indonesia and as the Prime Minister of a country that is a good friend of Indonesia's. We have very different backgrounds but we are brought together by geography and quite a bit of shared history since the end of World War II, and a common membership of APEC. Indonesia has improved economically in a quite remarkable way under the leadership of President Soeharto, it is going through some difficulties at present, along with other countries in the region.

I am of course concerned about the fires and Australia is already rendering assistance in that connection and I will explore with him whether we can give more, as I have explored with the Deputy Prime Minister of Papua New Guinea, Mr Haiveta, and also the Malaysian Prime Minister, Dr Mahathir, whether we can give any further technical assistance in that connection. I mean, it is a natural disaster of some magnitude, these fires in Indonesia and they're having a very, very adverse effect on Malaysia, as well as on Indonesia, and the drought, of course in Papua New Guinea is adding to a circle of natural disasters in the region.

Now I'm not going there with sort of a disposition to give lectures, I'm going there as a friend who is willing, within the appropriate parameters for Australia, willing to see what help we can give. I mean we are a good friend of the region as we demonstrated in participating in the currency swap for Thailand.

I also have to of course make the point very firmly that the events of the past few weeks have demonstrated two things about economic management in Australia. The first is the ill-wisdom of arguing that Australia's only economic future lies with the Asia-Pacific region, and I say again that my philosophy is an Asia first philosophy not an Asia only philosophy. And my critics who have argued that I've not been Asia only enough are wrong and been demonstrated to be wrong. You can't put all your economic eggs in the one regional basket, you have to take trade and economic opportunities all around the world. And the other point that's been driven home to us of course is that there is nothing better, there is nothing superior and nothing beats having the domestic economic fundamentals right. And if we had not taken measures

to cut the budget deficit, despite the criticism involved in relation to particular measures, Australia's position would now be more vulnerable and the concerns people might now be expressing would be all the greater.

Getting inflation down, getting the current account under control, freeing the labour market, reducing debt, all of those things have made Australia a stronger economy and therefore more able to weather the difficulties and the squalls that might descend on us from the region or elsewhere.

JOURNALIST:

Mr Howard, given the vulnerability of the dollar, and the market has fallen very considerably in Australia, how concerned are you about this?

PRIME MINISTER:

Well I'm monitoring it very closely and watching it very closely but I won't of course give a running commentary on particular levels. You know I've never done that and I never would.

JOURNALIST:

Prime Minister just on CHOGM in Australia, will you be inviting bids from the State capitals or (inaudible)?

PRIME MINISTER:

Look, I don't know, I mean it's an Australian event and I'll decide where it's held. I mean the people are invited by the Australian government and I'm not going to turn the thing into some kind of territorial auction.

JOURNALIST:

Would holding it in Canberra make it easier with all the security operations etc?

PRIME MINISTER:

Well, that is an argument and another argument is that it's the national capital, and other people might say that because all wisdom doesn't reside in Canberra it should be in Adelaide or Perth or somewhere like that, or Brisbane or whatever. Look I'll decide that after I've talked to my colleagues, but I won't be sort of engaging in some kind of auction. But no doubt some people will get on their business jets and run around.

JOURNALIST:

Prime Minister just on the financial situation, given the renewed slide in Hong Kong and Tokyo, which you mentioned last week that you were buoyed by the fact that Hong Kong had turned around and now that

PRIME MINISTER:

Well I don't know that I quite used the word buoyed, perhaps I said encouraged, I forget the precise word I used.

JOURNALIST:

But are you still so sure that this can be quarantined or do you think that it is getting more serious?

PRIME MINISTER:

Well, we are following it very closely and I'm not going to give a daily commentary on particular levels of the various indices around the region or the level of the dollar. I believe that we are in a stronger position because of the measures the Government has taken and I believe over time the strength of that position will assert itself ever more clearly.

JOURNALIST:

But given the impact that it's already had, surely you must have some concerns?

PRIME MINISTER:

Fleur, I continue to follow it and monitor it, I'm not going to give a commentary on particular levels or particular figures.

JOURNALIST:

Well, can you give us some assessment however of the implications so far, or do you feel that those implication to this point are not serious?

PRIME MINISTER:

Well it would not be appropriate at this point to even attempt an assessment.

JOURNALIST:

Prime Minister isn't there an indication from your changes to the aged care stuff that politically you blundered first off? I mean you can't really argue it's just the ALP running a scare campaign.

PRIME MINISTER:

No I'm not saying that. I didn't say that. I criticised them for being an irresponsible Opposition and I contrasted their behaviour in Opposition and ours in relation to difficult issues, and I made the obvious point that an Opposition can always cause disquiet in sensitive areas like this if it runs a wholly negative campaign.

JOURNALIST:

But there's a big difference in selling the Commonwealth Bank and scaring your grandparents.

PRIME MINISTER:

Well now hang on. What about the accommodation bonds for hostels? I mean, the point I simply make is that we did not on that occasion play the scare card. We didn't run around scaring elderly people, we didn't run an emotional campaign, we didn't distort the situation, we recognised that in the longer term something had to be done. I mean, they were willing to recognise it when they were in government in relation to accommodation bonds.

Now that is a stand-alone analysis of their behaviour in opposition and ours, now I accept that it's open to them to do that and they will go on doing it in relation to any difficult issue. They are going to be a completely spoiling, negative, destructive opposition in contrast to the stance that we took in relation to a lot of issues. Now that's over there. That's that. Now do you say to me we've made few changes, what does that mean. What it means is that some changes were necessary, but the thrust is still there and I certainly reject the description of blunder.

JOURNALIST:

Prime Minister, is there a danger though in having set a new date of March the first for the modifications to come into effect, or the various measures to come into effect, that you're actually inviting a new deadline for the interest groups and so on to run a scare campaign again?

PRIME MINISTER:

Well of course there's the grandfathering of the existing residents as well, and so the answer is no.

JOURNALIST:

So you don't think that it will take off again (inaudible), why not?

PRIME MINISTER:

Well I just don't because the assessment I make is that over the next few months the community will see the long term benefit in the policy that we've changed, the policy that we've adopted, that they will recognise the value of the changes that have been made, they will see them as being very sensible and fair changes, and we'll certainly be very busy in explaining that and I don't believe that that problem will arise.

[ENDS]

Now, the Labor Party, of course, has adopted a different view. They've got a short term political advantage out of it. But what it does to their credentials in relation to the national interest, I think is for the Australian people to judge.

JOURNALIST:

Prime Minister given the changes you're now making to aged care, was it a little unfair the extent of the criticism against Judi Moylan and her handling of the portfolio?

PRIME MINISTER:

Look I'm not going to discuss criticism about individual ministers, I mean I have immense confidence in Mrs Moylan, she occupies a portfolio in my government. I've given her a different responsibility, she'll do it well and she enjoys my 100% confidence and support in that role.

JOURNALIST:

Mr Howard I've just got a question I don't quite understand about these reforms. If you're going to assess whether people who are going to nursing homes have given gifts to their children, does that mean that people are going to have to open up their bank accounts to the government?

PRIME MINISTER:

Well the degree of information sought of people is no greater than is sought in relation to the accommodation bonds you pay when you go into a hostel. I mean there are a large number of social security benefits, and this in a sense is a benefit. I mean to the extent that you are provided with accommodation to which there is a significant contribution by the taxpayer, well there is obviously a welfare social security component in it. And right through the social security system people are asked to state what their assets are. I mean if you apply for a parenting allowance, if you apply for family allowance you've got to indicate what your assets are, there's nothing new about that.

JOURNALIST:

But this is a case where the children will have to say if they've received any gifts.

PRIME MINISTER:

Well, that is no different. I mean these provisions are there in the Social Security Act, they are there by courtesy of Labor social security ministers, inserted without objection from us.

JOURNALIST:

Just on holding CHOGM in Australia, do you have a budget for the cost of the conference, and also do you have any ideas how much it would add to the Australian economy, to tourism etc?