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THE PRIME MINISTER'S PRESS CONFERENCE  
PARLIAMENT HOUSE, CANBERRA,  
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PRIME MINISTER: Ladies and gentlemen, you know that the applications to the Chief Australian Electoral Officer, for recounts in Queensland and Western Australia have been rejected. The count is already complete also in Tasmania and South Australia. The count is not finished yet in either New South Wales or Victoria. It appears unlikely that the results will be so close as to justify a recount in either of those States. Accordingly, I think that we can go ahead on the assumption that the Parliament will meet on Tuesday 9 July. It will be opened by the Governor-General, Sir Paul Hasluck. He will leave Canberra the following day and the Governor-General designate, Sir John Kerr will arrive later that day and then on Thursday, Sir John Kerr, we expect, will be sworn in in front of the two Houses which with him constitute the Parliament. I should also like to tell you that the Australian Government has received confirmation that the Chinese Government exploded a nuclear weapon device in the atmosphere over its territory yesterday. We understand that the Chinese explosion was somewhat less than a megaton in size, and that it appears to have occurred at Lop Nor at about 4 p.m. yesterday. It is a matter of deep concern to the Australian Government that the Chinese Government has conducted a further nuclear test which is likely to lead to the deposit of radio active fallout not only within its own territory but over a wide area including, in the longer term, Australia.

Since the establishment of diplomatic relations with China in December 1972, the Australian Government has made known to Chinese leaders its opposition to Chinese nuclear weapon tests on a number of occasions. On 10 April last year the Government made a formal protest to the Chinese Government expressing Australia's strong opposition to the conduct of nuclear weapons tests and reaffirmed the Australian Government's view that atmospheric nuclear weapons testing is contrary to international law; during his visit to China in May last year, Dr. Cairns re-stated the Australian position to Premier Chou En-lai; I issued a statement expressing deep concern following the last Chinese nuclear test on 27 June last year; and soon afterwards formal notes of protest were delivered both to the Chinese Foreign Ministry in Peking and the Chinese Embassy in Canberra. Most recently, I vigorously re-stated the Australian position during my meeting with Chairman Mao Tse-Tung on 2 November.

Since China does not accept the jurisdiction of the International Court of Justice and is not a party to the 1928 General Act for the Pacific Settlement of International Disputes, it is not feasible for Australia to initiate proceedings against China in the Court. Nevertheless, the Australian Government considers that the Chinese Government, as well as the French Government, has a clear obligation towards the international community to prevent the dangers of environmental pollution. The present Australian Government has consistently opposed nuclear weapon testing by all countries and will continue to work vigorously for a complete cessation of such testing.

Are there any questions that you would like to ask?

QUESTION: In the last few weeks there have been a number of nuclear explosions; the Indians, the French, the Chinese. And there has also been President Nixon's decision to give nuclear assistance to both Israel and Egypt. Now you Sir, have only made a comment on the French tests and today on the Chinese tests; no comment has come on the Indian tests or President Nixon's decision. Have you any comment on those two?

PRIME MINISTER: Senator Willesee the Foreign Minister, has previously made statements, I think on two occasions, about the Indian testing. The Indian testing of course was claimed to be for peaceful purposes and it was underground. The Chinese and the French testing have been in the atmosphere. We have no details of the offers which President Nixon has made to Egypt and Israel in the nuclear energy field. We would hope that these offers like all transfers of nuclear technology equipment or materials, will be carried out under the most stringent safeguards.

QUESTION: Have you formally protested to Russia or China over the nuclear testing?

PRIME MINISTER: Arrangements are in hand in this matter with respect to France and China. Russia and the United States have not tested and Britain has not tested in the atmosphere for over ten years.

QUESTION: Does this mean that Mr. Renouf, for instance, will seek to see the Chinese and French Ambassadors?

PRIME MINISTER: I have got no more to say on this at the moment. I am not going to have those other foreign offices reading about matters in the newspapers before any contact has been established between them and our representatives.

QUESTION: Do you remain satisfied with the effect of the credit restrictions on the building and housing industries; are you concerned that too severe an impact is being made by the shortage of finance in this area?

PRIME MINISTER: The reduced liquidity in general has of course had an effect on the construction industry. It was intended to have an effect on the construction industry. It is regrettable that most of the State Governments have not acted where they could in these matters. It is only because of the action that the federal Government has taken within the constitutional powers available to it that there has been a reduction in the cost of land for instance. And there has been some reduction in the respective commercial construction of buildings. It ought to be possible for people to get housing land more cheaply. It ought to be possible for them to build houses more cheaply. It appears that each of those things will come about. Our regret is that that we have had to rely entirely in most cases, right along the eastern seaboard, on federal initiatives in this regard; the States have been utterly inert. In Victoria in fact the State Government has used Australian Government housing funds to give a boost to land inflation - Sunbury and Melton.

QUESTION: Do you agree with Premier Dunstan's claim that your treatment, financial treatment, of the States and your economic policies are contrary to Labor policy?

PRIME MINISTER: No, I don't agree with it. Of course I don't. I don't depart from Labor policy in any respect. I carry it out.

QUESTION: Mr. Wran is reported this morning as saying that Mr. Dunstan jumped the gun in making his comments before next week's discussions on consumer tax. Do you agree that he jumped the gun in making that statement?

PRIME MINISTER: No, I don't comment in terms like this.

QUESTION: On dealing with the States, Mr. Bjelke-Petersen took time off on Friday on radio and television to accuse you of trying to smash the States. Is that a valid criticism?

PRIME MINISTER: No, as far as I could tell from the newspaper reports of Mr. Bjelke-Petersen's telecast and broadcast, and I went to the authentic organ in these respects, the Brisbane Courier Mail, he regurgitated at the expense of the Queensland taxpayers and therefore at the expense of the Australian taxpayers in general, the thesis which he developed at inordinate length at the Premiers Conference. You heard him say it. You notice that not a single other representative supported him. Sir Gordon Chalk, the other representative from Queensland at the Premiers Conference exhibited notable irritation when he was not showing boredom at what Mr. Bjelke-Petersen had to say. The interesting part of Mr. Bjelke-Petersen's thesis I thought was that he was suggesting that my Government should do what the Chifley Government had done in the late 1940's. I would be very happy to do so, he didn't acknowledge however, that there were in the aftermath of the war, in the last few months of the war, options available to the Australian Government which are not available to the Australian Government in peacetime. He was suggesting for instance that we should subsidise products which featured in the Consumer Price Index. The Chifley Government did do that. That is true. The Chifley Government was also able to restrain the overall position as regards prices and incomes for some months. Mr. Bjelke-Petersen was wishing that the Australian Government of today should do what the Australian Government was able to do at the conclusion and in the aftermath of the war. It was an interesting position in one way, but it didn't grab the interest of anybody else at the Premiers Conference.

QUESTION: In 1969 you advocated a new federal system which was based on a House of Representatives for international and nation-wide matters, an assembly for each of the bigger States, and separate regional assemblies for areas outside the cities. Could I ask whether you are still in favour of such a proposal and would you comment on the practicalities of it being implemented?

PRIME MINISTER: I commented on the practicalities at the time. I believe I said that if we were making arrangements for our continent today that what you say is what we would try to achieve. I didn't say that I thought it was practicable now. But nevertheless I think there is some use in looking at the overall geographic and economic situation where possible. The State boundaries were not set by Australian politicians. They were set by British public servants in the middle of last century or earlier. Local government boundaries were set mostly by State politicians about 50 years ago. Now nobody really looking at the best way to govern Australia in the circumstances which have developed where settlement has taken place, where resources have been discovered would suggest that

our State boundaries are ideal. In fact very few people would say that they had very much relevance. Again I think most people would realise particularly looking at the way settlement has changed in the last quarter of a century, that local government boundaries haven't got very much relevance. Nevertheless, while I think it is fair enough looking at some of these things with fresh eyes, I am not suggesting that these things are immediately practicable.

QUESTION: Mr. Dunstan said over the weekend that he believed that it was essential for the Labor Party to decide at its federal conference that the federal Government should give a fixed percentage of income tax back to the States. Could you tell us your views on this matter and do you agree with that?

PRIME MINISTER: I don't agree with that. I don't remember any reports that Mr. Dunstan has said that. I remember Mr. Snedden saying it. But I don't agree with it. The reason is that Australia is very variable in its taxability. If the States were to raise through their own income taxes on individuals and companies, the amount of money which they receive from the Australian Government by way of revenue assistance now, we would have the situation where income tax rates in Victoria would be very much lower than they are. In the other four States they would be very much higher. Our position in Australia is quite different from say the position in the United States. In the United States you will find east and west, New York, California, north and south, Illinois and Texas; states of comparable population and economic power. In Australia we do not have that situation. None of us can expect to see that situation. And in those circumstances in Australia it is necessary to have income tax on individuals and on companies raised by the one government. And that must be the Australian Government. There is no question that that is the Australian Labor Party's attitude. It has been for over 30 years. It was thrashed out between Prime Minister Curtin and the Premiers, particularly Premier McKell, back in 1942. And it is quite clear in the ALP's platform that there should be an Australian Government monopoly in the raising of income tax. And that is not a matter on which there is a division of opinion until three months ago, between the Labor Party on one side, and the Liberal/Country Parties on the other side. It is the principle on which Sir Robert Menzies and his successors all acted. It is quite idle to suggest we ever could in Australia have a situation where income tax of a certain percentage went to the States. It would not be fair to the States; because they need a variable degree of assistance in their revenues and that is what happened. My Government has refined the process of specifying to an increased degree the amount of assistance, the nature of assistance which the Australian Government will give to the State Governments. The State Governments have the responsibility in a great number of fields where the Australian Government wishes to see government services upgraded. The only way to get those government services upgraded we believe, is to specify how the money will be spent. South Australia has been much more co-operative in this field than the other States. It has come to an agreement with the Australian Government in all the relevant fields, urban public transport, sewerage, land commissions, regional development - Monarto - where the Australian Government has responsibility if a State Government gives it authority as in the construction of railways there to. We have made a very great commitment - over \$80 million - to connect Adelaide to the rest of the Australian railway system; also another \$80 million to have an all-weather railway from that system in South Australia to the Northern Territory. It is a very clear example of where a flat rate assistance to the States doesn't help the States who need it most.

QUESTION: During the election campaign you mentioned, you foreshadowed, various amendments to the Prices Justification Act. And Mr. Crean also said that he thought it might be sensible to have a second tribunal simply to look at the question of retail price rises. I just wondered in your consideration of the amendments to the Act, do you now favour expanding the resources of the existing tribunal to cope with retail prices or whether in fact, to introduce a second tribunal?

PRIME MINISTER: It will be some months before anything can be done along these lines. The resources of the Tribunal are being expanded as quickly as it can digest those additional resources. The Tribunal does in fact deal with some retail matters already because of all the largest retail companies in Australia that fall within its pervue.

QUESTION: On the tax question Mr. Whitlam, would the Commonwealth Government be prepared to collect State consumer taxes on behalf of the States as it now does for payroll taxes for the States?

PRIME MINISTER: This matter was raised at the Premiers Conference, and I said we will consider any suggestions you make but there is no commitment in this regard. You will remember that the Tasmanian Government imposed a tax on tobacco, the people who sold tobacco products, and this was challenged in the High Court by the Australian Government. It was supported by most if not all of the State Governments. And in constitutional terms it was upheld but the particular technique of raising it was rejected by the High Court. There was some reference to this at the Premiers Conference; the general question of consumer taxes; and I said that we would be prepared to discuss any proposition they put up. They are in fact discussing it, the States are, their officials with our officials, they wanted our officials to be there also, on Thursday in Melbourne. But there is no commitment to raise it. But obviously we are ready to co-operate with them in discussing any of these matters.

QUESTION: They seemed to be under the impression when they left the Premiers Conference that there was a commitment.

PRIME MINISTER: There is certainly a commitment if you like to discuss any proposition they put up.

QUESTION: Do you accept the role of Dr. Cairns, as described for himself as Deputy Prime Minister, as something of an overall co-ordinator of economic policy?

PRIME MINISTER: I don't remember this description but it certainly would be expected, I expect, that Dr. Cairns would take a great interest in economic policy. Of course he should, and he has.

QUESTION: Do you support the view by Dr. Cairns that the introduction of colour television should be deferred as an anti-inflationary measure?

PRIME MINISTER: I think this is quite an arguable proposition. But we discussed this over a year ago and we all thought then that it was too late to thin it out. Too many investments have been made to delay it.

QUESTION: Could I ask the same question about Dr. Cairns comment on the metric conversion, whether it should be delayed or suspended?

PRIME MINISTER: Well you ought to ask Mr. Morrison about this. It is already in many respects far advanced. I think I might be able to give you some percentages of what has been done already there. Primary Industry is 75% metricised now, and will be wholly so in 1976. About 70% of the cost of converting the steel industry has already been expended, in the transport industry, freight rates are completely converted. And taking into account the conversion of road signs, which is to take effect on 1 July, more than 90% of the total outlay has been expended. Over 70% of the new road signs have already been constructed. Metrication of the building and construction industry is well advanced. Of all public works projects for this coming year, 64% is to metric design. Now there may be fields other to those where it would be possible or advantageous to defer or thin out metrication.

QUESTION: Were you disappointed to hear Mr. Dunstan who has so long been a supporter of yours, publicly attack you over your attitude to the States at the ALP meeting in South Australia?

PRIME MINISTER: I wasn't disappointed, I wasn't surprised. I am used to Premiers making such statements this year, in past years, whether they are Labor or Liberal or Country Party in one notable instance; or whether the person in my position is Labor or Liberal; but never I trust, Country Party! If I was in Mr. Dunstan's position, I might speak as he has if he was in my position, I am certain that he would speak and act as I have. The only difference between Mr. Dunstan and the other Premiers is that he is a more effective speaker. The only thing that I volunteer in this respect is that I wouldn't like local government to believe that the attitude of the Australian Government, the Labor Government, or the Labor Party in general accords to the views that Mr. Dunstan has expressed about local government in his State. The role of local government in Australia varies very greatly from State to State. In Queensland for instance, local government is responsible to a much larger extent for expenditure of the total public expenditure, national, state, local government, than any of the other States. In South Australia I believe it is responsible for a very small percentage of the total governmental expenditure. The Labor Party has had at successive federal conferences the supreme policy making body of the party, emphasised the increasing responsibility of local government. And to take one specific instance which Mr. Dunstan mentioned, the platform states that the administrative arrangements should be altered to include on the Loan Council a representative that is chosen by local government and semi-government authorities in each State. I tried to do that last September, to alter the financial agreement under which the Loan Council operates, by having a representative chosen by the council of an alderman in each State sitting on the Loan Council beside the representative of the State Government and the representative of the Australian Government. My efforts failed. I was trying to carry out the ALP's policy in that respect. But we have done a very great deal for local government and we intend to do more. It is because the State Government have in some cases downgraded or ignored, or outsted local government, that we find so many of the growing centres of Australian population badly serviced. For instance it was unconscionable that the Sydney Water Board or the Melbourne Metropolitan Board of Works should be so denied proper financial resources. It is for that reason that we have made deliberate efforts to enable them to carry out their functions. And there is no doubt that the Australian people responded to that effort. In that local government referendum for instance, it was carried in New South Wales and it was close to being carried in Victoria. It wasn't close to being carried in the smaller States.

But in the large States it is realised that the proper facilities for communities depends on local government getting a fairer share, having a fairer go. I think you all should have a copy of that book we produced last month, Australian Government Assistance to Local Government projects, I commend it to you. You will see the range of programs which we have, the number of federal Departments which are involved and the way that local government can get assistance from them.

QUESTION: In an interstate commission, which you propose to re-establish, will you widen its powers to use it to control prices of goods travelling interstate, using it as an anti-inflationary vehicle?

PRIME MINISTER: That is a very good idea. I will take it a-board. There may easily be such a constitutional power available to the Australian Government if and when it sets up the interstate commission. You will remember that the Commission, the Constitution says that there shall be an interstate commission. The Chifley Government set up one in 1912 I think, and then the members were appointed for 7 years and their terms expired in 1919. No new members were ever appointed. Then the Menzies Government in 1950 being a new broom, abolished the Act. Now Mr. Snedden I was interested to see, asked a question in the last Parliament about re-establishing it and I gave him an answer, it was on the last day, it appeared in the weekly hansard, that we propose to set it up immediately after the double dissolution. Those were prophetic words, I am confirmed in my intention. Mr. Jones has been working on it for some time. I will get the Attorney-General's Department to look into your proposal. I think it is a very good one, excellent one. The number of goods which go interstate is not great, but they are significant of course, this is what South Australia has found. It has been unable to although it has price justification procedures, it hasn't been able to apply them to goods coming interstate. And New South Wales and Victoria don't have such procedures and therefore their manufacturers or retailers can exploit the smaller States which do have those procedures.

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