



PRESS, RADIO AND TV CONFERENCE GIVEN BY
THE PRIME MINISTER, MR JOHN GORTON, AT
PARLIAMENT HOUSE, CANBERRA, A. C. T.

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PRIME MINISTER : Well, gentlemen of the Press, I understand you have a predilection for press conferences and now for the next thirty minutes I am in your hands while we have one.

Q. David Solomon from the "Australian". In Sydney today the Federal Treasurer described the way the economy was shaping as sufficiently menacing to be taken very seriously. Last Thursday, you said that in raising interest rates the Government had already taken the action necessary to control the economy. Do you still believe that no further Government action will be necessary?

PM: I don't think you are quite accurate in saying what I said last Thursday. I think this was in answer to a Question in the House, if I remember correctly. You will remember that in the Governor-General's Speech, I said that the economy had been, over the past, kept well under control - "reasonably under control" I think were the words, but that it needed constant and close attention, and that this raising of interest rates was one of the methods indicating that it was getting close attention. The speech made by the Treasurer today pointed out, as you will know if you read it, a number of the indices which indicate a possibility of too much pressure. It also had in it, as you will have read, that there were countervailing factors, that there was going to be much less liquidity in the next three months of this year and that he described the position as, I think the word was "ambiguous" - not completely clear which way it would go. This, I think, is where the position is at the moment.

Q. John Commins, ABC. In short, is the Government contemplating a supplementary Budget?

PM: No.

Q. Alan Barnes, Melbourne Age. Prime Minister, Mr. Bury in his speech referred to the effect of public sector spending as being one of those major pressures. Do you intend to take this into account when framing your Budget and your spending for the rest of the year?

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PM: Mr Barnes, we always take into account the question of public spending, of public requirement, of expenditures on education, on grants to the States, all these matters are taken into consideration along with the prognostication of the likely private demand and the Budget is framed accordingly. I am sure you wouldn't expect me to give any indications of how it would be framed at this stage, except that we believe it will be framed in a way that will see that inflation does not occur.

Q. Frank Chamberlain, AFP and Macquarie. Mr Prime Minister, could you elaborate on what Mr Bury has said about the economy? Would you use the kind of words he uses - as "menacing" and, further, would you associate this with the rural march in Melbourne earlier this week?

PM: No, I wouldn't associate it with the rural march in Melbourne because Mr Bury indicated, right at the beginning of his speech, that the economy had been progressing well and there had been growth and prosperity in all sections, except for the rural section. He made that clear in the speech when he gave it. And I don't think I can elaborate very much on what he said. He pointed to the indices which are now appearing. There is a very tight labour market. There is housing construction running at record rates. There is a number of indices which I would not describe, myself, as menacing, but as potentially menacing, but they have to be set up against the effects of the domestic surplus for which we budgeted this year and for the declining liquidity which is going to take place for the next three months of this year - at least so I am informed by the Reserve Bank and the Treasury.

Q. You knew that the speech was to be made, did you?

PM: Oh, yes. I read it.

Q. Mr Prime Minister, on the rural march in Melbourne. Mr. Malcolm Fraser was reported as saying that he advocated compulsory acquisition of the wool clip as the only satisfactory method of running the wool industry. Is this Government policy, or is it your view on it?

PM: Well, according to Mr Malcolm Fraser, it is not even an accurate report.

Q. Peter Samuel, Bulletin. Mr. Gorton on wool, could you give us an indication of your attitude towards the proposal for a subsidy for wool.

PM: Yes, Mr Samuel. I don't believe that a subsidy for wool can be any long-term solution for the problems the wool industry faces. There is a lot of things which could be done to help wool, such things as core testing and sample selling and the wool villages of which you have heard, and trying to cut down the number of times the wool is handled. All of these things can save a certain amount per bale. I doubt whether they would save more, in aggregate, than perhaps 6 cents a pound, maybe a little bit more. I am not setting anything definite. But that is not going to be sufficient to be a real solution to it. I think we need, and I believe Gunn's Committee set up is examining into these aspects -- we need to know just what is the grade of wool which is bringing us the greatest amount of overseas exchange, just what is most in demand, and in the long run a subsidy, I believe, would not meet the needs of the wool industry. It is a palliative rather than a solution.

Q. Rob Chalmers, Channel C. Prime Minister, while on the rural question, last month, the Leader of the Country Party said in a public statement that the position of primary industry was so serious in economic terms that the Country Party had resolved to apply a new measure of determination and boldness in following measures of support in the coming Session of Parliament.

PM: This was a statement by whom?

Q. By the Country Party Leader, Sir?

PM: Oh, yes.

Q. Have you yet seen in Cabinet any of these new measures of support in this Session?

PM: Do you think I could just continue with the question that you asked, because it might, hanging in the air, leave a slightly inappropriate situation. I think you will remember that the Leader of the Country Party made it clear that this was not an indication that the Liberal Party was in any way hanging back, and that Liberal Party Members representing rural seats were also disturbed, and we

were all disturbed about it, and I think that is where the situation rests. There has been, I think, a significant attack on the wheat problem. As you know, quotas were introduced, and quotas are going to be considerably less next year than they are this year. They are going to be 20 per cent less and this has been recommended by the wheat people, and this is very responsible. And I am sure we will progress to a situation which one wishes to arrive at. The Dairy ~~Equalization~~ Scheme is still running into difficulties with the States, but in the last two days, I have reason to believe that those difficulties might begin to be resolved quite quickly, but I can't say because it is not entirely within my decision. The rural industry which you have mentioned is, in my view, in a very horrible situation. I have known what it is when I was on the land in the early days to sit waiting for the telephone to ring and not know whether it would be somebody saying, "You owe me for the fertiliser! you bought to put on the orchard. Why don't you pay it?" "You owe me for the spray, why don't you pay it?" Or perhaps it was the bank manager saying, "You have gone over your limit", and you were struggling to put enough into your land to produce the next crop, hoping the next crop would pay off. I know what this is, and this is a great social problem for the woolgrower today - not all woolgrowers, but far too many of them, and the solution to it is not easy to see; but certainly matters of handling, and quite probably matters of selling - methods of selling - could be the solutions. At the moment we are waiting for some indication from a quite significant Committee which has been set up by Sir William Gunn, and we are all discussing it in Cabinet quite --- "seriously" is not a strong enough word --- but attempting to decide what we can see as the best solution for this.

Q. Laurie Oakes, Melbourne Sun : Prime Minister on Vietnam. You said in December that the Australian Government wanted some Australian troops phased into the next major US withdrawal. Are you in a position to say, Sir, how far planning for withdrawal has progress in the last four months? Can you tell us how many troops are likely to come home and when, and can you also give us some idea of the relevance of Mr Fraser's trip to Vietnam next week with regard to withdrawal?

PM: Well, this trip would be a part of the discussions that have been going on. I don't believe that I could go any further than other than to say that our position has not changed, indeed it wasn't only last December - it was in the Governor-General's speech, and I think in a Question in the House since then, that the position has been made clear that if it is regarded the situation enables a significant

further withdrawal of American troops, then we will expect some Australian troops to be phased into that withdrawal. Now, the discussions have been going on about this. Mr Fraser's trip will have something to do with it, but I don't believe I should go any further than that at the moment.

Q. Hugh Armfield, Melbourne Age : Was the New Zealand Defence Minister, Mr Thompson correct when he said here recently that the South Vietnamese were ready and willing to take over from Australian and New Zealand Forces in Phuoc Tuy?

PM: I haven't seen anything to substantiate that. If the suggestion is that the South Vietnamese are ready and eager and willing to take over all the activities in Phuoc Tuy Province, I have seen nothing to substantiate that.

Q. Cameron Forbes, Newsday : Prime Minister, does the Australian Government view with any disquiet such actions by the Saigon Government as arose in the case of the gaoling of the representative Chou and the disquiet this evidently caused in some sections of the Vietnamese population?

PM: I wouldn't want to interfere or to express opinions on the actions of another government which, after all, I would remind you, is an elected government, and one which has been elected under probably the most difficult conditions that any government has had to face during an election. Let us not forget that this government is in a country which is in the throes of war, and before we place too much emphasis on the sort of thing you have mentioned, let us remember that England in the last war when it was in the throes of war found it necessary - Mr Churchill found it necessary to put into gaol somebody who either was or had been a Member of the Parliament.

Q. Max Grant, Melbourne Herald and 3DB : Mr Prime Minister, there has been some speculation about the provision of the Nimmo Committee Report which suggests that doctors may be excluded if they don't co-operate with the common fee scheme. Would you like to say how you feel about that at this stage?

PM: The suggestion in the Nimmo Committee Report was for a participating doctor scheme and all it recommended was that it would wish doctors to hang up in their consulting-rooms placards, as it were, saying "This is what I charge.... This is the common fee....."

and that only those doctors who did that should be participating in the scheme and that patients who went to doctors who did not do that would not have their bills paid. We have decided not to accept this recommendation, and I think that is all I can say on that at the moment.

Q. Would you reconsider that one day, Mr Gorton, if the scheme were running into difficulties?

PM: I have strong hopes that the scheme will not run into trouble, but clearly all things can change, and at the moment we have not adopted that.

Q. Alan Barnes. I understand Dr Forbes reported to Cabinet yesterday on this matter. Can you tell us how you are going to make the health scheme work when doctors in three States repudiated the AMA leaders on whose advice you based the scheme?

PM:1 You tell me how you understand that Dr Forbes reported to Cabinet on this matter? He made no statements about it.

A. I read it in the papers, Sir!

PM: You asked me whether I thought the scheme would work if what you described as "doctors were against it". I think it should be made clear that there are divisions in the medical profession. To the best of my knowledge, I don't know of specialists who are opposed to the scheme which we propose. There have been suggestions that general practitioners are opposed to it. I don't believe that general practitioners would refuse to treat patients. I don't believe that general practitioners would refuse to take such action as would enable their patients to be reimbursed by the Government and the Funds for the treatment the general practitioners give them. I think that the general practitioners will find that their fears are unfounded and I hope and believe that the scheme will work. You know what the problem is here. There is only one real area of disagreement. We want to introduce a scheme which will protect the patient against the higher charges that a specialist now makes. At the moment he is not protected. In order to do that it will be necessary to give, from the insurance funds and from the Government, more reimbursement to a patient who goes to a specialist than is given to a patient who goes to a general practitioner. This protects the patient. This ensures that there is no economic bar to a patient who needs to get specialist attention and this is what we want to get, but the general practitioners are fearful that this will lead to all sorts of people who don't really need specialist treatment. This is their fear. It is just a fear. We don't think it will happen, but if it did happen, we would

be just as interested in seeking to stop it from a Government point of view as they are, because our objective is to see that those who need it get it, not those who don't need it. That should be able to be worked out.

Q. What is the Government's timetable, Sir? (a) on legislation (b) on introduction of the scheme?

PM: We should be introducing this scheme very soon after the next sitting of Parliament, that is, when we meet after April 7.

Q. Arising from Cabinet, are there any compromises, any watering-down of the Government's proposals?

PM: No, we haven't got any, but it is a scheme which we have indicated. If it is shown that there are anomalies in the scheme after it is introduced or when it is in operation, then of course we would be prepared to look at them and seek to overcome them, but not to the extent of abrogating our main objective which is to protect the patient against specialist charges.

Q. Laurie Oakes : On the same subject, Prime Minister, have you yet chosen the membership of the National Health Insurance Commission?

PM: No, not yet, Mr Oakes.

Q. Wallace Brown, Courier Mail : Prime Minister, when do you hope to work out the aspects of the Nimmo recommendations that require State co-operation. In particular, what do you think of the particular Nimmo recommendation that says the Commonwealth should pay the full \$2 a day benefit in respect of public ward patients in Queensland, instead of the 80 cents it pays at the moment for uninsured patients?

PM: Well, I think that these matters, being the subject of discussion between Dr Forbes the Minister for Health and our Government and the State Governments, and being in the course of discussion between them, are not ones that I should express opinions on at this time. But I hope that they will be worked out. Indeed, it is necessary that they should be worked out.

Q. Max Hawkins, Brisbane Telegraph : Mr Fraser is making a trip not only to Saigon, but to Washington to talk about the F111 plane and its problems. How soon after he returns do you expect the Government will be able to announce a firm decision whether we get it, cancel it or want to take another plane?

PM: I would expect that soon after he returned we would be in a position where we could start looking to see whether there were alternate planes that were available. I wouldn't like to give you a specific answer to your question of how soon after his return would it be possible to make a really final decision because there have been so many changes in regard to the F111 coming unexpectedly. . . . everything seemed to be all right and then it turns out that it is not all right, that it might be chancing my arm a bit to say, "Well, in a week or a fortnight" or something of that kind, but you can be quite sure that we would be seeking to do it as soon as we possibly could on our judgment of the facts as presented.

Q. Peter Samuel of the Bulletin again : During the election campaign you said, I think, that you were very strongly against the Russians getting a naval base in the Indian Ocean area. There have been reports that Singapore is offering its naval base facilities to the Russians. I wonder if you could tell us what the attitude of your Government is to that?

PM: Well, I don't believe that we could by force majeure stop it but we would not like to see it, and would express our opinions that we would not wish to see it. I don't think you could go any further than that.

Q. Have you done that already?

PM: Oh, I think if you read the statement of the Minister for Defence, and the Minister for External Affairs, you will see a pretty clear indication that we don't wish to see a military presence of that kind by the Russians in this area.

Q. Have you made any move to speak to Singapore about it? The Singapore Government?

PM: I haven't spoken to Singapore about it. I doubt whether it has reached a situation where it would be necessary to do that.

Q. Alan Reid : Sir, reverting to wool. Whether Mr Fraser was reported accurately or inaccurately, have you or your Government formed any opinion on the desirability or otherwise of a Wool Acquisition Scheme, and if so, what are these views?

PM: Well, I think I told you Mr Reid, that there was a Committee looking into the question, a whole number of questions in relation to wool. I wouldn't say that we had formed a view for an acquisition scheme. An acquisition scheme, a variation of the present method of selling, a temporary subsidy, a whole variety of possible courses is open, and I can't go any further than that at this stage.

Q. Sir, on the question about Singapore, did you, as some commentators did, read implications in the statement of the Minister for External Affairs regarding his desire to see Britain return or remain in the area? Was there any implication in this that in the long term we would need them to be there before we stayed in the long term?

PM: No, I didn't read that into it at all. I just read into it a plain statement that it would be a lot better and a lot more militarily acceptable to us if they stayed than it would be if they left. This is in fact what we have been saying from the start, but they seemed to have made their minds up, unless of course there is a change of government in Britain.

Q. Have you any official news you can give us, Sir, about the situation in Cambodia and South-East Asia's unrest in general?

PM: I don't think I can give you anything more than I have read in the newspapers. I have had a report today from External Affairs on it, but the situation seems to be that the Government there is now describing itself as a Cambodian Government, instead of the Royal Cambodian Government - just what that means you can read into it what you wish - and they are indicating they wish the Vietcong and the North Vietnamese to leave their country. They hope to be able to do this by negotiation, by discussion. Well, whether they will be able to do it by negotiation or discussion or not, time will show. But of course one of the difficulties in these situations is that the North Vietnamese always refuse to admit that they are there in the first place and therefore don't feel they can discuss getting out.

Q. Bob Baudino, Sydney Daily Telegraph : Sir, could I take you back to Mr Bury's speech. You have mentioned that you did read the speech. Could I ask you did you read it before or after the event?

PM: I read it before the event.

Q. Fred Brenchley, Newsday : At the declaration of the poll, last November in your electorate of Higgins, you said that in view of the Government's losses in the election, its policies had to be reviewed. I would like to ask you if this review has now been completed, and do we see the results of it in the Governor-General's Speech to Parliament or is there more to come? In other words, should we have more policy initiatives like the Industry Development Corporation?

PM: I believe that you have a Government which will never run out of policy initiatives or new forward-looking steps - forward-looking eyes and advancing steps. You have certainly seen some of the actions which we foreshadowed at the time.

Q. Tom McNeil, Australian Associated Press : In your Policy Speech you said the Government's aim was to reduce the burden of income tax on the lower and middle income earners. In the light of the economy situation at the moment, is this aim still capable of achievement? Is it still your Government's aim to do this, starting from this next Budget?

PM: In my Policy Speech, I said that we would aim during the life of this Parliament to reduce the burden of income tax on lower and middle income earners so that at the end of three years they would be paying a given sum - I think \$200 million or words to that effect - less than they would normally be paying. This is still our aim, and this is an aim we will attain. I don't propose to go any further than that.

Q. Warren Duncan, ABC: Getting back to Cambodia. Prince Sihanouk is reported to be trying to form his own private army to try and get himself back to power. What would our attitude be towards the Prince in this move?

PM Our attitude toward the Prince in that move?

Q. Yes, in his forming a private army?

PM: I should think that we would quite properly leave it to the Cambodians to decide.

Q. Have we any Australians there at all, apart from diplomats?

PM: Absolutely none that I know of.

Q. Mr Prime Minister, following up the question on the income tax distribution, I know it is not the policy of the Government to reveal what is coming up in the Budget, but bearing in mind that it was the subject of your Policy Speech, could you tell us at least if you have in mind to do something about it in this coming Budget?

PM: What we have in mind to do, Mr Willesee is to carry out the intention which was expressed in the Policy Speech.

Q. In this Budget?

PM: What we have in mind to do is to carry out the intention expressed in the Policy Speech.

Q. Could I ask you specifically if you intend to do anything about it in this Budget?

PM: I heard you ask that but I am sure you didn't expect an answer!

Q. The Governor-General's speech, though, did contain a suggestion that you would start action in the current Budget, in the next Budget. Will that be changed?

PM: I don't know which part of the Governor-General's Speech you are specifically talking about, Mr Solomon, but I am not going to answer questions as to what is going to be in the next Budget.

Mr. Eggleton: I think we have time for just one more question.

Q. A related subject, Sir, Some of the economists tell us that the present troubles in the economy date back to your rather generous Budget last time, and they forecast further problems in your election promises and the promises you made to the State Premiers. In view of the economic situation, or perhaps if it gets worse, would you be prepared to delay some of your promises to ease the economic situation?

PM: I think it is a very interesting question because I remember at the time some of the economists writing quite strongly about the terrifically inflationary Budget when it was brought in - "economic vandalism" I think was a headline I remember. Then about a month or so ago I remember the same economists writing how wrong they had been and how - I think the quotation was "Gorton's got the laugh on us." I believe - and I have reasons not of my own but from the economists who have the responsibility in the Reserve Bank of Australia and in the Treasury - that in spite of the indices which are now appearing for the rest of this financial year the fears that the economists showed at first, and damped down at second, will not be realised. Now the second part of your question was : Would we, should inflation appear more likely, seek to do something about it in the coming Budget, and the only answer I can give you is that the Government would in the future, as it has in the past, have as one of its main objectives the balanced growth of the economy and the avoidance of significant inflation.

Q. Do you think, Mr Prime Minister that the Treasurer is crying wolf rather too strongly?

PM: I think what the Treasurer is doing is drawing attention to potentialities and to possibilities, and I think he is right to point that out.

Mr. Eggleton : Thank you gentlemen and thank you Prime Minister.
